1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Oman Oil Marketing Company SAOG (the "Company" or "Parent Company") is registered in the Sultanate of Oman as a public joint stock company and is primarily engaged in the marketing and distribution of petroleum products. The Company has its primary listing on the Muscat Securities Market (MSM), Sultanate of Oman.

The accounts of the Company are consolidated in the financial statements of Oman Oil Company SAOC (the ultimate parent company), a closed joint stock company registered in the Sultanate of Oman. The Company has entered into a 'Trademark License Agreement' with the parent company dated 22 September 2003, for the right to use the trademark 'Oman Oil', in exchange for an annual fee of 0.09% of all fuel sales.

These consolidated financial statements comprise the Parent company and its subsidiaries (together referred to as the "Group"), the details of which are set out below. The separate financial statements represent the financial statements of the Parent company on a standalone basis. The consolidated and separate financial statements are collectively referred to as 'the financial statements'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB), the requirements of the Commercial Companies Law of 1974, as amended and disclosure requirements of the Capital Market Authority (CMA) of the Sultanate of Oman.

(b) Basis of measurement

The financial statements have been prepared on the historical cost. This is the first set of annual financial statements, in which IFRS 9 and IFRS 15 has been applied. Changes to accounting policies relating to IFRS 9 are described in note 2.2.1

(c) The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. In the process of applying the Group's accounting policies, management has used its judgments and made estimates in determining the amounts recognised in the financial statements. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements as disclosed in note 3.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.2.1 New and amended standards and interpretations to IFRS

For the year ended 31 December 2018, the Group has adopted all of 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 that are relevant to its operations and effective for periods beginning on 1 January 2018.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The adoption of these standards and interpretations has not resulted in any significant changes to the Group's accounting policies and has not affected the amounts reported for the current year, which is detailed out below:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

2.2.1 New and amended standards and interpretations to IFRS (CONTINUED)

IFRS 9 — Financial Instruments

The Group has adopted IFRS 9 - Financial Instruments issued in July 2014 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. The key changes in the accountig policies are set out below.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

a) Comparative periods have not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 has not been recognised in retained earning as at 1 January 2018. The provision on expected credit losses was not materialy different from provision at 1 January 2018, hence no restatement of opening retained earning has been done.

b) The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets as measured at FVOCI.

Classification of financial assets on the date of initial application of IFRS 9

The following table shows reconciliation of original measurement categories and carrying value in accordance with IAS 39 (loan and receivables) and the new measurement categories under IFRS 9 (amortised cost) for the Company's financial assets as at 1 January 2018.

Financial asset (Group)	*Original carrying amount (RO)*	*Re-measurement - ECL (RO)*	*New carrying amount (RO)*
Bank balances and cash	**28,581,339**	**-**	**28,581,339**
Trade and other receivables	**57,481,542**	**-**	**57,481,542**
Total Financial assets	**86,062,881**	**-**	**86,062,881**

Financial asset (Parent)	*Original carrying amount (RO)*	*Re-measurement - ECL (RO)*	*New carrying amount (RO)*
Bank balances and cash	**27,362,600**	**-**	**27,362,600**
Trade and other receivables	**57,589,040**	**-**	**57,589,040**
Total Financial assets	**84,951,640**	**-**	**84,951,640**

Adoption of IFRS 9 did not result in any change in classification or remeasurement of financial liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

2.2.1 New and amended standards and interpretations to IFRS (CONTINUED)

IFRS 15 — Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several Standards and Interpretations within IFRS. It established 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 Group's adoption of IFRS 15 under modified retrospective method had no material impact on the financial statements of the Group.

2.2.2 Standards issued but not yet effective

IFRS 16 Leases:

The IASB issued IFRS 16 Leases (IFRS 16), 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). For lessors, there is little change to the existing accounting in IAS 17 Leases. The Group 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, has been applied, or is applied at the same date as IFRS 16. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. While the Group is in process of assessing the impact of the initial application. Management believes that the most significant impact will be that the Group will need to recognise a right of use assets and lease liability for land on which their depots, office and bulk storage facilities are constructed, currently treated as an operating lease. This will mean that the nature of the expense of the above cost will change from being an operating lease expense to depreciation and interest expense. Future minimum lease commitments under non cancellable operating lease are disclosed in note 23.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 BASIS OF CONSOLIDATION

In the year the 2017, the Company has established two subsidiaries, which has been consolidated for the year ended 31 December 2018. The comparative figures of the Group as of and for the year ended 31 December 2017 are same as parent.

Subsidiary companies	**Shareholding percentage 2018**	**Shareholding percentage 2017**	**Country of incorporation**	**Principal activities**
Oman Oil Marketing Company LLC	**100%**	100%	KSA	Marketing and distribution of petroleum products.
Alhalin International LLC	**100%**	100%	Oman	Retail convenience stores and related opertions

Subsidiaries

The financial statements comprise those of the Parent company and each of its subsidiaries as at 31 December each year. Subsidiaries are all entities (including special purpose entities) over which the Group exercises control. Control is achieved when the Parent company:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 BASIS OF CONSOLIDATION (CONTINUED)

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interests
- derecognises the cumulative translation differences recorded in equity
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in profit or loss
- reclassifies the Parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The Parent Company accounts for its investment in subsidiaries based on the equity method for the purpose of its separate financial statements.

2.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted as separate items of property, plant and equipment.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised and amortised. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment and can be measured reliably. All other expenditure is recognised in the statement of comprehensive income as an expense when incurred.

The cost of the property, plant and equipment is written down to residual value in equal instalments over the estimated useful lives of the assets. The estimated useful lives are:

	Years
Buildings	10 to 20
Plant, equipment and vehicles	5 to 25

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of comprehensive income outside operating profit.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.6 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, and are determined as follows:

• Oil and lubricants : purchase cost on a first-in-first-out basis

• Stores and spares : at weighted average cost

Net realisable value is based on estimated selling price, less any further costs expected to be incurred to completion and disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 FINANCIAL ASSETS (APPLICABLE TO 2017 ONLY)

The Group classifies its financial assets into loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through the statement of comprehensive income; (b) those that the entity upon initial recognition designates as available for sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Impairment

Financial assets (applicable to 2017 only)

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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 the statement of comprehensive income.

Non-financial assets

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

An impairment loss is recognised if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. 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 specific to the asset.

Impairment losses are recognised in the statement of comprehensive income. 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 (other than relating to goodwill) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7.1 FINANCIAL ASSETS (APPLICABLE FROM 2018)

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially 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 principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables and cash and cash equivalents.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7.1 FINANCIAL ASSETS (APPLICABLE FROM 2018) (CONTINUED)

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Group does not have any such instruments.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group does not have any such instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. The Group does not any such instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7.1 FINANCIAL ASSETS (APPLICABLE FROM 2018) (CONTINUED)

Impairment of financial assets (Applicable from 2018)

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all debt financial assets not held at FVTPL. The Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience as adjusted for forward-looking factors.

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

The Group considers a financial asset in default when contractual payment is 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

2.8 CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flow, cash and cash equivalents include cash on hand and at the bank with a maturity of less than 3 months from the date of placement, net of bank overdrafts, if any.

2.9 BORROWINGS

All loans and borrowings are initially recognised at cost less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Instalments due within one year at amortised cost are shown as a current liability.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process. Interest costs are recognised as an expense when incurred except those that qualify for capitalisation.

2.10 PROVISIONS

Provisions are recognised by the Group when there is 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. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.11 TRADE AND OTHER PAYABLES

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

2.12 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 DIVIDEND DISTRIBUTION

The Board of directors adopts a prudent dividend policy, which complies with regulatory requirements applicable in the Sultanate of Oman. Dividends are distributed in accordance with the Parent Company's Memorandum of Association and are subject to the approval of shareholders. Dividend distribution to the Parent Company's shareholders is recognised as a liability in the Parent Company's separate financial statements only in the period in which the dividends are approved by the Parent Company's shareholders.

2.14 SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses relating to transactions with other components of the same entity, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The accounting policies of the reportable segments are the same as the Group's accounting policies described under note 2. Identification of segments and reporting are disclosed in note 17.

2.15 REVENUE RECOGNITION (Policy before 1 January 2018)

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. 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. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

2.15.1 REVENUE RECOGNITION (Policy applicable from 1 January 2018)

Revenue from contracts with customers
The Group's principal activity is manufacturing and selling Fuel, lubricants and petroleum products.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of fuel, lubricants and petroleum products
Revenue from sale of Fuel, lubricants and petroleum products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. The normal credit terms are 30 to 90 days upon delivery/receipt.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of products, the Group considers the effects of variable consideration.

Volume Rebate
The Group provides proivdes retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the future expected rebates, the group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consderation is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimated of variable consideration and recognises a refund liability for the expected future rebates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15.1 REVENUE RECOGNITION (Policy applicable from 1 January 2018) (CONTINUED)

Loyalty points programme

The Group has a loyalty programme, goodPoints, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimated of the points that will be redeemed on a quarterly basis and any adjustments to that contract liability balance are charged against revenue.

2.16 DIRECTORS' REMUNERATION

The Directors' remuneration is governed and calculated as set out in the Commercial Companies Law of 1974 and the regulations issued by the Capital Market Authority of Oman.

2.17 INTEREST IN JOINT OPERATION

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.
In relation to its interests in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

2.18 END OF SERVICE BENEFITS

End of service benefits are accrued in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the Oman Labour Law and its amendments. Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

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

2.19 FOREIGN CURRENCY

Foreign currency transactions are translated into 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 reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Finance income comprises interest received or receivable on funds invested. Finance income is recognised in the statement of comprehensive income using the effective interest rate method.

2.21 LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

2.22 INCOME TAX

Current tax

Income tax comprises current and deferred 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.

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.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. 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.

Deferred tax assets and liabilities are offset as there is a legally enforceable right to offset these in Oman.

2.23 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by adjusting the basic earnings per share for the effects of all dilutive potential ordinary shares. The Group does not have any potentially dilutive shares at the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods. Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

3.1 Impairment of trade receivables (Applicable to 2017)

An estimate of the collectible amount of trade receivables 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.

3.1.1 Impairment of receivables (Applicable to 2018)

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 requires 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 judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which involves historical data, assumptions and expectation of future conditions. In the previous year, the impairment review of trade receivables was performed only for receivables for which management had an indication for impairment. That also entailed significant judgement. 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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.2 Useful lives of property, plant and equipment (Applicable to 2017 and 2018)

The Group's 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.

3.3 Classification of financial assets - (Applicable from 1 January 2018)

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

3.4 Impairment of financial assets at amortised cost - (Applicable from 1 January 2018)

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

3.5 Allowance for slow moving and obsolete inventory - (Applicable to 2017 and 2018)

Allowance for slow moving and obsolete inventory is based on the Management's assessment of various factors such as the usability, product life cycles, and normal wear and tear using its best estimates.

At the reporting date, gross inventory were RO 4,936,486 (2017 - RO 7,979,899) and the provision for slow moving and obsolete inventory was RO 305,075 (2017 - RO 384,638). Any difference between the amounts actually reliased in future periods and the amounts expected to be reliased will be recognised in the statement of comprehensive income.

3.6 Environmental provision - (Applicable to 2017 and 2018)

Environmental provision is made for environmental remediation costs based on environmental contamination assessments made on delivery and storage sites.

3.7 Provisions for other costs - (Applicable to 2017 and 2018)

Included in the accrued expenses of the Group are accruals for costs which are currently under discussion with the relevant ministries, customers and a supplier in the Sultanate of Oman. These accruals are based upon the amounts due to be paid to the supplier as per the pricing mechanism communicated by the relevant ministry.

3.8 Investment in associates - (Applicable to 2017 and 2018)

Management has assessed the level of influence that the Group has on Muscat Gases Company SAOG and determined that it has significant influence, because of the board representation and contractual terms even though the shareholding is below 20%. Accordingly, this investment has been classified as an associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount (higher of value in use and fair value less costs to sell) of the associate and its carrying value, and then recognises the loss in the statement of comprehensive income.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.9 Joint arrangement (Applicable to 2017 and 2018)

The Group holds 50% of the voting rights of its joint arrangement. The Group has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

The Group's joint arrangement is structured as a limited liability company and provides the company and the parties to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, this arrangement is classified as a joint venture.

3.10 Taxes - (Applicable to 2017 and 2018)

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

4 PROPERTY, PLANT AND EQUIPMENT - GROUP

Cost	***Land and buildings RO***	***Plant, equipment and vehicles RO***	***Capital work-in-progress RO***	***Total RO***
1 January 2018	24,873,836	47,690,244	3,459,066	76,023,146
Additions	-	2,320	9,804,317	9,806,637
Transfers	1,866,401	4,133,672	(6,000,073)	-
Disposal	(8,716)	(1,454,259)	-	(1,462,975)
31 December 2018	**26,731,521**	**50,371,977**	**7,263,310**	**84,366,808**
Depreciation				
1 January 2018	6,936,900	29,894,711	-	36,831,611
Charge for the year	1,206,087	3,777,856	-	4,983,943
Disposal	(6,740)	(1,152,747)	-	(1,159,487)
31 December 2018	**8,136,247**	**32,519,820**	**-**	**40,656,067**
Net carrying amount				
31 December 2018	**18,595,274**	**17,852,157**	**7,263,310**	**43,710,741**

Cost	*Land and buildings RO*	*Plant, equipment and vehicles RO*	*Capital work-in-progress RO*	*Total RO*
1 January 2017	22,887,634	42,686,113	7,065,888	72,639,635
Additions	-	1,359	4,481,868	4,483,227
Transfers	2,034,000	6,054,690	(8,088,690)	-
Disposal	(47,798)	(1,051,918)	-	(1,099,716)
31 December 2017	24,873,836	47,690,244	3,459,066	76,023,146
Depreciation				
1 January 2017	5,875,531	27,016,704	-	32,892,235
Charge for the year	1,081,394	3,732,829	-	4,814,223
Disposal	(20,025)	(949,538)	-	(969,563)
Impairment losses	-	94,716	-	94,716
31 December 2017	6,936,900	29,894,711	-	36,831,611
Net carrying amount				
31 December 2017	17,936,936	17,795,533	3,459,066	39,191,535

4 PROPERTY, PLANT AND EQUIPMENT - PARENT

Cost	***Land and buildings RO***	***Plant, equipment and vehicles RO***	***Capital work-in-progress RO***	***Total RO***
1 January 2018	24,873,836	47,688,885	3,459,066	76,021,787
Additions	-	-	9,620,178	9,620,178
Transfers	1,866,401	4,133,672	(6,000,073)	-
Disposal	(8,716)	(1,453,619)	-	(1,462,335)
31 December 2018	**26,731,521**	**50,368,938**	**7,079,171**	**84,179,630**
Depreciation				
1 January 2018	6,936,900	29,894,615	-	36,831,515
Charge for the year	1,206,087	3,777,686	-	4,983,773
Disposal	(6,740)	(1,152,759)	-	(1,159,499)
31 December 2018	**8,136,247**	**32,519,542**	**-**	**40,655,789**
Net carrying amount				
31 December 2018	**18,595,274**	**17,849,396**	**7,079,171**	**43,523,841**

Cost	*Land and buildings RO*	*Plant, equipment and vehicles RO*	*Capital work-in-progress RO*	*Total RO*
1 January 2017	22,887,634	42,686,113	7,065,888	72,639,635
Additions	-	-	4,481,868	4,481,868
Transfers	2,034,000	6,054,690	(8,088,690)	-
Disposal	(47,798)	(1,051,918)	-	(1,099,716)
31 December 2017	24,873,836	47,688,885	3,459,066	76,021,787
Depreciation				
1 January 2017	5,875,531	27,016,704	-	32,892,235
Charge for the year	1,081,394	3,732,733	-	4,814,127
Disposal	(20,025)	(949,538)	-	(969,563)
Impairment losses	-	94,716	-	94,716
31 December 2017	6,936,900	29,894,615	-	36,831,515
Net carrying amount				
31 December 2017	17,936,936	17,794,270	3,459,066	39,190,272

i) The Parent Company has a 50% share of the main storage depot at Mina Al Fahal (the depot) at a cost of RO 3,126,238 (2017: RO 3,105,928) as at 31 December 2018 and a NBV of RO 1,105,821 (2017: RO 1,358,424), respectively, which are included in property, plant and equipment. Under an agreement dated 6 December 1995 between the Parent Company and Al Maha Petroleum Products Marketing Company SAOG (Al Maha):

• Such assets are controlled jointly with Al Maha and cannot be sold without the mutual consent of the Parent Company and Al Maha;

• Costs of this depot are shared equally with Al Maha; and

• The depot is operated by the Parent Company for an agreed management fees.

ii) The land, on which the main storage depot and buildings are located is leased from the Ministry of Oil and Gas jointly with Al Maha under an operating lease agreement that is upto 31 December 2030

5 INVESTMENTS IN SUBSIDIARIES

	% holding	Year of incorporation	Parent 2018 RO	Parent 2017 RO
i)Oman Oil Marketing Company LLC-KSA	100%	2017	**699,292**	827,943
ii) Ahlain International LLC	100%	2017	**196,803**	226,445
			896,095	1,054,388

i) Oman Oil Marketing Comapny LLC-KSA is incorporated in the Kindom of Saudi Arabia on 16 Janauary 2017 under a trade license issued by the Ministry of Commerce & Industry. The subsidiary is primarily engaged in the marketing and distribution of petroleum products. In the current year, the Parent company has recognised its share of loss of RO 128,651 in respect of the subsidiary (2017: RO 206,857).

ii) Ahlain International LLC is incorporated in Sultanate of Oman on 19 March 2017 under a trade license issued by the Ministry of Commerce & Industry. The investee is engaged in the retail convenience stores and related operations in Sultanate of Oman. In the current year, the Parent company has recognised its share of loss of RO 29,642 in respect of the subsidiary (2017: RO 23,555).

6 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

The amounts recognised in the statement of financial position are as follows:

	Group 2018 RO	Group 2017 RO	Parent 2018 RO	Parent 2017 RO
Associates (a)	**998,596**	1,935,054	**998,596**	1,935,054
Joint venture (b)	**69,585**	69,585	**69,585**	69,585
	1,068,181	2,004,639	**1,068,181**	2,004,639

The amounts recognised in the statement of comprehensive income are as follows:

	Group 2018 RO	Group 2017 RO	Parent 2018 RO	Parent 2017 RO
Share of loss from associates	**(58,873)**	(35,359)	**(58,873)**	(35,359)
Impairment loss recognised on associates	**(730,004)**	(264,653)	**(730,004)**	(264,653)
	(788,877)	(300,012)	**(788,877)**	(300,012)

(a) Investment in associates

	% holding	Group and Parent 2018 RO	Group and Parent 2017 RO
i) Muscat Gases Company SAOG	9.18%	**611,200**	1,539,340
ii) Lubchem International Industry LLC	40%	**387,396**	395,714
		998,596	1,935,054

6 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

(i) *Muscat Gases Company SAOG*

The Parent Company has a 9.18% (2017 - 9.18%) interest in Muscat Gases Company SAOG (investee), a joint stock company incorporated in the Sultanate of Oman on 13 November 1989 under a trade license issued by the Ministry of Commerce & Industry. The investee is engaged in the manufacturing and selling of industrial and cooking gases. The Parent company carried on impairment testing during the current year which has indicated impairment of RO 730,004 (2017: RO 103,502) which is difference between the carrying value and its recoverable amount as determined.

(ii) *Lubechem International Industry LLC*

Effective 6 May 2014, the Parent Company acquired a 40% shareholding in Lubechem International Industry LLC (Lubechem), a company engaged in the manufacturing of grease and lubricants, lubricants waste recycling and chemicals blending. Lubechem is registered in the Emirates of Ras Al-Khaimah as a limited liability company in Ras Al-Khaimah Investment Authority. The carrying value of the Group's interest was RO 387,396 (2017: RO 395,714).The Parent company has carried an impairment testing during the current year which has indicated no further impairment (2017: 161,133).

There are no contingent liabilities relating to the Group's interest in the above mentioned associate companies.

The associates as mentioned above have share capital consisting solely of ordinary shares, which is directly held by the Parent company.

The following table illustrates summarised financial information of the Group's investment in the associate:

Share of the associates' revenue and loss:

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	RO	***RO***	*RO*
Revenue	**1,884,965**	1,884,965	**1,884,965**	1,884,965
Loss	**(58,873)**	(35,359)	**(58,873)**	(35,359)
Share of associates' balance sheet:				
Current assets	**579,823**	695,947	**579,823**	695,947
Non-current assets	**815,639**	815,898	**815,639**	815,898
Current liabilities	**261,962**	262,099	**261,962**	262,099
Non-current liabilities	**54,498**	53,159	**54,498**	53,159
Net assets	**1,079,002**	1,196,587	**1,079,002**	1,196,587

(b) Investment in joint venture

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	RO	***RO***	*RO*
At 1 January and 31 Decemeber 2018	**69,585**	69,585	**69,585**	69,585

6 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

Investment in joint venture represents the Parent Company's participation in 50% of the equity interest of Omanoil Matrix Marine Services LLC (the joint venture), a company incorporated in the Sultanate of Oman on 28 April 2010. The other shareholder of the Joint Venture is Matrix Marine Holding GmbH, a company incorporated in Germany. The objective of the joint venture is to sell oil and its by-products and supply fuel at the port of Sohar.

In the year 2016, the joint venture has ceased its operations and commenced liquidation proceedings. Management has carried out an assessment and has concluded that the the joint venture has sufficient assets, the carrying value will be recovered from the liquidation process.

Summarised financial information of the at the end of the reporting period is as follows:

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	*RO*	***RO***	*RO*
Current assets	**233,949**	233,949	**233,949**	233,949
Total assets	**233,949**	233,949	**233,949**	233,949
Current liabilities	**94,780**	94,780	**94,780**	94,780
Total liabilities	**94,780**	94,780	**94,780**	94,780
Net assets	**139,169**	139,169	**139,169**	139,169
Parent company's share in net assets of the joint venture	**69,585**	69,585	**69,585**	69,585

There are no contingent liabilities relating to the Group's and Parent Company's interest in the investment, and no contingent liabilities of the venture itself.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture.

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	*RO*	***RO***	*RO*
Net assets 1 January and 31 December 2018	**139,171**	139,171	**139,171**	139,171
Interest in joint venture	**50%**	50%	**50%**	50%
Carrying value	**69,585**	69,585	**69,585**	69,585

7 INVENTORIES

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	*RO*	***RO***	*RO*
Fuel and lubricants	**4,862,786**	7,972,270	**4,862,786**	7,972,270
Goods for resale	**66,071**	25,798	**-**	-
Stores and spares	**7,629**	7,629	**7,629**	7,629
Less: allowance for slow moving and obsolete inventory	**(305,075)**	(384,638)	**(305,075)**	(384,638)
	4,631,411	7,621,059	**4,565,340**	7,595,261

Movements in the allowance for slow moving and obsolete inventory during the year are as follows:

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	*RO*	***RO***	*RO*
At 1 January	**384,638**	574,216	**384,638**	574,216
Provided /(reversed) during the year	**(79,563)**	299,638	**(79,563)**	299,638
Written off during the year	**-**	(489,216)	**-**	(489,216)
At 31 December	**305,075**	384,638	**305,075**	384,638

8 TRADE AND OTHER RECEIVABLES

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	*RO*	***RO***	*RO*
Trade receivables	**52,075,213**	55,251,410	**52,075,213**	55,248,493
Amounts due from related parties (Note 22)	**4,798,441**	2,030,889	**5,413,951**	2,141,304
Less: allowance for expected credit loss (Note 2.2.1)	**(2,577,861)**	(1,994,084)	**(2,577,861)**	(1,994,084)
Trade and related parties receivables net of imapirment loss	**54,295,793**	55,288,215	**54,911,303**	55,395,713
Prepaid expenses	**2,616,413**	1,540,178	**2,616,413**	1,540,178
Other receivables	**1,648,852**	653,149	**1,469,838**	653,149
	58,561,058	57,481,542	**58,997,554**	57,589,040

Refer note 27 for disclosures relating to credit isk factors.

The closing balance of the trade receivables loss allowance as at 31 December 2018 reconciles with the trade receivables loss allowance opening balance as follows:

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	*RO*	***RO***	*RO*
At 1 January	**1,994,084**	761,469	**1,994,084**	761,469
Provided during the year	**586,139**	1,246,716	**586,139**	1,246,716
Written off during the year	**(2,362)**	(14,101)	**(2,362)**	(14,101)
At 31 December	**2,577,861**	1,994,084	**2,577,861**	1,994,084

8 TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2018, the ageing of trade receivable is as follows:

Group

	Weighted average loss rate	*Gross carrying amount RO*	*Expected credit loss RO*	*Net carrying amount RO*
Not past due	0.04%	39,584,663	15,617	39,569,046
< 30 days	0.21%	6,569,791	13,526	6,556,265
31-60 days	0.70%	1,144,867	8,014	1,136,853
61-90 days	1.28%	490,150	6,280	483,870
91-180 days	5.14%	2,319,609	119,218	2,200,391
181-360 days	30.84%	2,753,144	849,206	1,903,938
> 365 days	39.04%	4,011,430	1,566,000	2,445,430
		56,873,654	**2,577,861**	**54,295,793**

Parent

	Weighted average loss rate	*Gross carrying amount RO*	*Expected credit loss RO*	*Net carrying amount RO*
Not past due	0.04%	39,993,308	15,617	39,977,691
< 30 days	0.21%	6,569,791	13,526	6,556,265
31-60 days	0.70%	1,144,867	8,014	1,136,853
61-90 days	1.28%	490,150	6,280	483,870
91-180 days	5.14%	2,319,609	119,218	2,200,391
181-360 days	30.84%	2,753,144	849,206	1,903,938
> 365 days	39.04%	4,011,430	1,566,000	2,445,430
		57,282,299	**2,577,861**	**54,704,438**

As at 31 December 2017, the ageing of trade receivables is as follows :

	Group		Parent	
	Gross *RO*	Impairment *RO*	Gross RO	Impairment RO
Not past due	40,265,970	-	40,376,385	-
Past due 1-90 days	10,684,280	70,772	10,681,363	70,772
Past due 91-360 days	2,397,850	107,617	2,397,850	107,617
More than one year	3,934,199	1,815,695	3,934,199	1,815,695
	57,282,299	1,994,084	57,389,797	1,994,084

The other classes within receivables and prepayments do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

9 CASH AND BANK

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	*RO*	***RO***	*RO*
Cash at bank - current and call accounts	**34,198,225**	28,539,362	**32,990,514**	27,321,658
Cash on hand	**34,341**	41,977	**34,341**	40,942
Cash and bank balance	**34,232,566**	28,581,339	**33,024,855**	27,362,600
Less: term deposits	**(7,000,000)**	-	**(7,000,000)**	-
Cash and cash equivalent	**27,232,566**	28,581,339	**26,024,855**	27,362,600

Cash at bank balances are with commercial banks in Oman and are denominated in Omani Rial and USD. Call deposits are short term in nature and carries interest at commercial rate. Bank balances and deposit accounts are placed with reputed financial instutions. The management believes that the ECL is immaterial at the financial statement as a whole.

10 SHARE CAPITAL

The Group's and Parent Company's authorised share capital consists of 150,000,000 (2017 - 150,000,000) shares of 100 Baizas each (2017 - 100 Baizas each).

The Group's and Parent Company's issued and fully paid up share capital comprises 64,500,000 (2017 - 64,500,000) shares of 100 Baizas each (2017 – 100 Baizas each) as follows:

	Group Number of shares		Parent Number of shares	
	2018	*2017*	***2018***	*2017*
Multi-vote shares	**3,225,000**	3,225,000	**3,225,000**	3,225,000
Ordinary shares	**61,275,000**	61,275,000	**61,275,000**	61,275,000
	64,500,000	64,500,000	**64,500,000**	64,500,000

In accordance with Article 5 of chapter two of the Parent Company's Articles of Association, the holder of each multi-vote share is entitled to two votes at the annual general meeting of the Parent Company. Multi-vote shares are considered as ordinary shares for purposes of basic and diluted earnings per share.

Shareholders of the Parent Company who own 10% or more of the Parent Company's shares, whether in their name or through a nominee account, are as follows:

	Group Number of shares		Parent Number of shares	
	2018	*2017*	***2018***	*2017*
Oman Oil Company SAOC - Multi-vote shares	**3,225,000**	3,225,000	**3,225,000**	3,225,000
- Ordinary shares	**28,380,000**	28,380,000	**28,380,000**	28,380,000
Civil Services Pension Fund - Ordinary shares	**8,352,027**	8,352,027	**8,352,027**	8,352,027
	39,957,027	39,957,027	**39,957,027**	39,957,027

11 LEGAL RESERVE

The Commercial Companies Law of 1974, as amended, 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 one-third of the Company's paid-up share capital. This reserve is not available for distribution. As at 31 December 2018 the legal reserve has already reached the requirement hence the Parent company has not transferred any amount to the legal reserve.

12 EMPLOYEES' END OF SERVICE BENEFITS

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	*RO*	***RO***	*RO*
At 1 January	**345,806**	358,042	**344,455**	358,042
Accrual during the year	**38,443**	86,885	**38,443**	85,534
End of service benefits paid	**(93,375)**	(99,121)	**(95,048)**	(99,121)
At 31 December	**290,874**	345,806	**287,850**	344,455

13 TRADE AND OTHER PAYABLES

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	*RO*	***RO***	*RO*
Trade payables	**3,738,010**	2,056,384	**3,615,008**	2,054,956
Due to related parties (Note 22)	**46,996,542**	46,039,253	**46,996,542**	46,039,253
Accrued expenses	**11,622,200**	9,338,912	**11,620,135**	9,257,777
Advances from customers	**724,584**	575,799	**724,584**	575,799
Directors' remuneration payable	**164,300**	167,400	**164,300**	167,400
	63,245,636	58,177,748	**63,120,569**	58,095,185

The Parent company in accordance with Capital Markets Authority (CMA) regulations transfers dividends unclaimed for a period of more than 6 months from the date they became due to the CMA's investor fund. Such unclaimed dividends transferred during the year amounted to approximately RO 91,236 (2017 - RO 14,992). Eligible shareholders who have not received their dividends are entitled to claim them from the CMA. Trade and other payables are payable within 45 days on average from the end of the reporting date.

14 TAXATION

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	*RO*	***RO***	*RO*
(a) Current liability:				
Current year	**1,790,243**	1,877,137	**1,790,243**	1,877,137
Prior years	**77,722**	50,195	**77,722**	50,195
	1,867,965	1,927,332	**1,867,965**	1,927,332
(b) statement of comprehensive income:				
Current year	**1,790,243**	1,877,137	**1,790,243**	1,877,137
Deferred tax assets	**(113,482)**	(199,313)	**(113,482)**	(199,313)
	1,676,761	1,677,824	**1,676,761**	1,677,824
(c) Deferred tax asset:				
At 1 January	**505,451**	306,138	**505,451**	306,138
Movement for the year	**113,482**	199,313	**113,482**	199,313
At 31 December	**618,933**	505,451	**618,933**	505,451

14 TAXATION (CONTINUED)

(d) The deferred tax comprises the following temporary differences:

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	*RO*	***RO***	*RO*
Provisions and other charges	**527,829**	432,535	**527,829**	432,535
Property, plant and equipment	**91,104**	72,916	**91,104**	72,916
	618,933	505,451	**618,933**	505,451

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% (2017: 15%). For the purpose of determining the tax expense for the year, the accounting profit has been adjusted for tax purposes. The reconciliation of tax as per accounting profit to effective tax is set out below:

Reconciliation of effective tax rate:

	2018		*2017*	
	Rate %	**RO**	Rate %	RO
Profit before tax		**9,765,248**		10,546,852
Income tax	**15**	**1,464,787**	15	1,582,028
On account of open tax years		**20,235**		(37,629)
Expenses temporarily disallowed		**26,382**		-
Expenses permanently disallowed		**165,357**		133,425
Effective tax	**16**	**1,676,761**	16	1,677,824

The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

The income tax assessments of the Parent company for the years 2013 to 2017 have not been finalised with the Secretariat General of Taxation Affairs at the Ministry of Finance. The Management considers that additional tax liability, if any, in respect of open tax years would not be material to the financial position of the Group as at 31 December 2018.

15 BANK BORROWINGS

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	*RO*	***RO***	*RO*
Term loan				
Current portion	**1,734,750**	1,734,750	**1,734,750**	1,734,750
Non-current portion	**578,249**	2,313,000	**578,249**	2,313,000
	2,312,999	4,047,750	**2,312,999**	4,047,750

Term loan I represents facilities obtained from a local bank, for the purpose of construction of filling stations. The loan is repayable in forty eight monthly instalments commencing from May 2016. The loan is unsecured and carries interest at a commercial rate (2017 - same terms and conditions).

16 ENVIRONMENTAL PROVISION

The Parent company provides for environmental remediation costs based on internal assessment of environmental contamination made on its delivery and storage sites. The entire provision of RO 300,245 (2017: RO 300,245) is expected to be used as per site specific remediation plan drawn up by the Parent company.

17 SEGMENT INFORMATION

Business units from which reportable segments derive their revenues

Information reported to the Group's chief operating decision maker 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 others.

Other operations are predominantly lubricants and aviation fuel.

Information regarding the Group's and Parent company's reportable segments is presented below:

Segment revenues	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	RO	**RO**	RO
Retail	**435,608,024**	360,631,352	**435,608,024**	360,631,352
Commercial	**118,409,093**	96,457,795	**118,409,093**	96,457,795
Others	**71,369,510**	55,185,770	**70,975,139**	55,128,002
	625,386,627	512,274,917	**624,992,256**	512,217,149

The revenue reported above represents revenue generated from external customers. There were no inter-segmental sales during the year (2017: nil)

Revenue from major products and services and geographical information

The disaggregation of revenue in accordance with IFRS 15 is in line with the segments disclosed above and the revenue for all these segments are recognised at point in time.

The Group's operating revenues arise primarily from the marketing and distribution of petroleum products in the Sultanate of Oman.

18 STAFF COSTS

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	RO	**RO**	RO
Wages, salaries and allowances	**6,164,549**	6,188,821	**6,040,851**	6,129,841
Social security costs	**341,076**	341,598	**341,076**	341,598
End of service benefits (Note 12)	**38,443**	86,885	**38,443**	85,534
Other employee benefits	**866,810**	418,146	**866,810**	417,636
	7,410,878	7,035,450	**7,287,180**	6,974,609

19 OPERATING AND OTHER EXPENSES

The operating and other expenses of the Group include the following items:

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	*RO*	**RO**	RO
Operating leases	**4,221,243**	3,966,453	**4,221,243**	3,966,453
License fee paid to MOCI	**2,500,684**	2,058,801	**2,500,684**	2,058,277
Provision for expected credit loss (net) (Note 8)	**583,777**	1,232,615	**583,777**	1,232,615
Brand royalty to Ultimate parent company	**555,045**	455,697	**555,045**	455,697
Directors' remuneration provision	**164,300**	164,600	**164,300**	164,600
Board sitting fees	**35,700**	35,400	**35,700**	35,400

20 FINANCE INCOME - NET

	2018	*2017*	***2018***	*2017*
	RO	RO	**RO**	RO
Interest income	**1,013,551**	820,207	**1,013,551**	820,207
Interest expense	**(704,116)**	(595,980)	**(704,116)**	(595,980)
	309,435	224,227	**309,435**	224,227

21 DIVIDENDS PAID AND PROPOSED

The Board of Directors has proposed a cash dividend of RO 0.060 per share for 2018, amounting to RO 3,870,000, which is subject to the approval of the shareholders at the Annual General Meeting.

During the year, dividend of RO 0.060 per share totalling RO 3,870,000 relating to 2017 was declared and paid (2017: RO 0.060 per share totalling RO 3,870,000 was paid relating to 2016).

22 RELATED PARTY TRANSACTIONS

Related parties comprise the shareholders, directors and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions (other related parties).

The Group has entered into transactions with entities over which certain directors are able to exercise significant influence. In the normal course of business, the Group provides services to related parties and avails services from related parties.

The volumes of significant related party transactions during the year and with parties with a shareholding of 10% or more in the Group and / or related to Directors, were as follows:

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	RO	**RO**	RO
Revenue				
Fuel sales to filling stations owned by directors	**37,795,379**	27,775,100	**37,795,379**	27,775,100
Fuel sales to commercial customers related to directors	**102,609,776**	64,284,195	**102,609,776**	64,284,195

22 RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	RO	**RO**	RO
Costs				
Fuel purchases from other related parties	**575,231,187**	470,690,882	**575,231,187**	470,690,882
Blending Charges	**1,909,511**	390,289	**1,909,511**	390,289
Procurement of services from related parties	**1,136,741**	-	**1,136,741**	-
Brand royalty to ultimate parent company	**555,045**	455,697	**555,045**	455,697
Remuneration to directors	**164,300**	164,600	**164,300**	164,600
Directors' sitting fees	**35,700**	35,400	**35,700**	35,400
Net interest paid to other related parties	**68,213**	95,925	**68,213**	95,925

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	RO	**RO**	RO
Balances				
Bank balances	**16,478,958**	4,323,822	**16,478,958**	4,323,822
Due from related parties (Note 8)	**4,798,441**	2,030,889	**5,413,951**	2,141,304
Due to related parties (Note 13)	**46,996,542**	46,039,253	**46,996,542**	46,039,253
Directors remuneration (Note 13)	**164,300**	167,400	**164,300**	167,400

The total remuneration paid to non-executive directors comprising sitting fees and remuneration is in accordance with the provisions, and within the limits of, the Commercial Companies Law, the CMA guidance and the Articles of Association of the Parent Company. Executive directors, if any, apart from their contractual benefits and performance linked pay are not eligible for any sitting fees or fixed remuneration. Director's remuneration is recognised in the statement of comprehensive income.

Outstanding balance at the year end arise in the normal course of business. No provision for impairment has been made for 2018 an d 2017 in respect of amount due from related parties.

23 COMMITMENTS

Operating leases:

The Group has entered into certain long-term non-cancellable operating leases. Under the terms of these leases the future rental payments are as follows:

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	RO	**RO**	RO
Future minimum lease payments:				
Not later than one year	**1,322,684**	1,331,312	**1,322,684**	1,331,312
Later than one year and not later than five years	**145,209**	444,093	**145,209**	444,093
More than five years	**273,526**	278,339	**273,526**	278,339
	1,741,419	2,053,744	**1,741,419**	2,053,744

Contracted commitments:

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	RO	**RO**	RO
At 31 December	**6,390,593**	6,410,735	**6,390,593**	6,410,735

24 BASIC AND DILUTED EARNINGS PER SHARE

The par value of each share is RO 100 Baizas. The basic and diluted earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year as follows:

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	RO	**RO**	RO
Net profit for the year (RO)	**8,088,487**	8,869,028	**8,088,487**	8,869,028
Weighted average number of shares (note 10)	**64,500,000**	64,500,000	**64,500,000**	64,500,000
Basic and diluted earnings per share (RO)	**0.125**	0.138	**0.125**	0.138

25 NET ASSETS PER SHARE

Net assets per share is calculated by dividing the shareholders' equity of the Group at the year-end by the number of shares outstanding as follows:

	Group		Parent	
	2018	*2017*	***2018***	*2017*
	RO	RO	**RO**	RO
Shareholders' equity (RO)	**74,805,171**	70,586,684	**74,805,171**	70,586,684
Number of shares outstanding at the end of the reporting period (note 10)	**64,500,000**	64,500,000	**64,500,000**	64,500,000
Net assets per share (RO)	**1.160**	1.094	**1.160**	1.094

26 CONTINGENCIES

A) At 31 December 2018, the Group had contingent liabilities in respect of guarantees and other matters arising in the ordinary course of business, from which it is anticipated that no material liabilities will arise, amounting to RO 9,150,204 (2017 - RO 4,878,501).

During the previous years, a supplier had charged the Parent company an amount of RO 332,419 (2017 - RO 332,419) for the difference in prices pertaining to the period from August 2007 to May 2009 which is not recognised by the Group, as management considers that the claim is not tenable based on a legal opinion.

B) The Group is subject to litigations in the normal course of business. The Group based on independent legal advice does not believe that outcome of these court cases will have material impact on the Group's income or financial position.

27 FINANCIAL RISK MANAGEMENT

27.1 FINANCIAL RISK FACTORS

The Group'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), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the Management under policies approved by the Board of Directors (the Board). The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has entrusted the audit committee with the responsibility of the development and monitoring the Group's risk management policies and procedures and its compliance with them. These policies and systems are reviewed regularly to ensure that they reflect any changes in market conditions and the Group's activities. The Group, through its induction and training program, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises where the value of a financial instrument changes due to changes in foreign exchange rates. The Group is substantially independent of changes in foreign currency rates as its foreign currency dealings are principally denominated in United States Dollars (US Dollar) or currencies pegged to the US Dollar. Since the Rial Omani is pegged to the US Dollar, management believes that the exchange rate fluctuation would have an insignificant impact on the profit.

(ii) Interest rate risk

The Group's and Parent company's interest rate risk arises from bank borrowings and bank deposits. The Group analyses its interest rate exposure on a regular basis and reassesses the source of borrowings and renegotiates interest rates at terms favourable to the Group. The Group limits interest rate risk on bank deposits by monitoring changes in interest rates.

Management has estimated the effect on profit for the year due to increase or decrease in interest rates to be insignificant.

(iii) Price risk

As at 31 December 2018, the Group is not exposed to equity securities or commodity price risk, as it does not hold any such financial instruments.

(b) 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 and credit exposures to customers. The Group has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group requires bank guarantees on higher credit risk customers. The Group does not require collateral in respect of all other financial assets

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

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, 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 sensitivity of the Group's and Parent company's performance to developments affecting a particular industry or geographical location.

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

27.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

Trade and other receivables

Credit is extended to corporate customers only with an objective of optimising the Group's and Parent company's profits and the prime responsibility for providing credit to customers and the timely collection of all debts rests with the functional manager. Credit has a cost to the business and necessary controls and procedures are established to manage the Group's and Parent company's credit risk and its working capital. It is, therefore, the Group's policy to have effective credit control systems in place which are flexible enough to respond to changing market needs yet rigorous enough to ensure that customer credit limits are established and regularly updated on the basis of reliable up-to-date information.

Generally credits are not allowed in excess of agreed credit periods except for government customers and debts are collected within agreed credit terms and grace days. A stop supply mechanism is in place which will automatically inactivate customer accounts and stop further supplies in the event of a delay of payment beyond the credit period and the grace days. All exceptions and overrides are approved in line with the policy guidelines. Debtor positions are regularly monitored and reviewed to assess the overall risk and exposure.

The maximum exposure to credit risk for trade and other receivables (considered as being the gross carrying value before expected credit losses) at the reporting date by type of customer was:

	Group		Parent	
	2018	*2017*	**2018**	*2017*
	RO	RO	**RO**	RO
Commercial	**27,783,958**	26,661,448	**27,783,958**	26,661,448
Fuel card	**14,543,481**	13,264,810	**14,543,481**	13,264,810
Aviation	**6,184,327**	5,870,561	**6,184,327**	5,870,561
Retail	**5,761,408**	8,642,268	**5,761,408**	8,639,351
Lubes	**2,600,480**	2,953,627	**2,600,480**	2,953,627
	56,873,654	57,392,714	**56,873,654**	57,389,797
Less: Related party receivables (note 22)	**(4,798,441)**	(2,030,889)	**(5,413,951)**	(2,141,304)
Trade receivables (note 8)	**52,075,213**	55,251,410	**52,075,213**	55,248,493

The Group has accepted guarantees / collateral valued at RO 1,557,934 (2017 - RO 3,292,760) from customers to secure fully / partly their dues to the Group.

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

27.1 FINANCIAL RISK FACTORS (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's and Parent 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 Group's reputation.

The Group limits its liquidity risk by ensuring bank facilities are available. The Group's and Parent Company's terms of sales require amounts to be paid on an average of 30 days from the date of sale. Trade payables are normally settled within 15 days of the month of purchase.

The table below analyses the Group's and Parent company's financial liabilities into the relevant maturity based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

Parent	**Carrying amount RO**	**6 months or less RO**	**6-12 months RO**	**1–2 Years RO**	**More than 2 Years RO**
31 December 2018					
Bank borrowings	**2,312,999**	**867,375**	**867,375**	**578,249**	
Trade payables	**3,615,008**	**3,615,008**	**-**	**-**	**-**
Due to related parties	**46,996,542**	**46,996,542**	**-**	**-**	**-**
Accruals and other payables	**11,784,435**	**11,784,435**	**-**	**-**	**-**
	64,708,984	**63,263,360**	**867,375**	**578,249**	**-**

Group	**Carrying amount RO**	**6 months or less RO**	**6-12 months RO**	**1–2 Years RO**	**More than 2 Years RO**
31 December 2018					
Bank borrowings	**2,312,999**	**867,375**	**867,375**	**578,249**	**-**
Trade payables	**3,738,010**	**3,738,010**	**-**	**-**	**-**
Due to related parties	**46,996,542**	**46,996,542**	**-**	**-**	**-**
Accruals and other payables	**11,786,500**	**11,786,500**	**-**	**-**	**-**
	64,834,051	**63,388,427**	**867,375**	**578,249**	**-**

Parent	Carrying amount RO	6 months or less RO	6-12 months RO	1–2 Years RO	More than 2 Years RO
31 December 2017					
Bank borrowings	4,047,750	867,375	867,375	1,734,750	578,250
Trade payables	2,054,956	2,054,956	-	-	-
Due to related parties	46,039,253	46,039,253	-	-	-
Accruals and other payables	9,425,177	9,506,312	-	-	-
	61,567,136	58,467,896	867,375	1,734,750	578,250

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

27.1 FINANCIAL RISK FACTORS (CONTINUED)

(c) Liquidity risk (Continued)

Group	Carrying amount RO	6 months or less RO	6-12 months RO	1–2 Years RO	More than 2 Years RO
31 December 2017					
Bank borrowings	4,047,750	867,375	867,375	1,734,750	578,250
Trade payables	2,056,384	2,056,384	-	-	-
Due to related parties	46,039,253	46,039,253	-	-	-
Accruals and other payables	9,506,312	9,506,312	-	-	-
	61,649,699	58,469,324	867,375	1,734,750	578,250

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 Group 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 Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

27.2 Fair value estimation

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements (the "financial statements") of Oman Oil Marketing Company (SAOG) (the "Parent Company") and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group and separate financial position of the Company as at 31 December 2018 and their respective financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES (CONTINUED)

Key audit matters (continued)

Key audit matters	*How our audit addressed the key audit matters*
Expected Credit Loss (ECL) for trade receivables for consolidated and separate financial statements Trade receivables are significant to the consolidated and separate financial statements. Effective from 1 January 2018, the Group has applied the simplified approach in IFRS 9 'Financial Instruments' to measure ECL for trade receivables, which allows for lifetime expected credit losses to be recognised from initial recognition of the receivables. The Group determines the expected credit losses on trade receivables by using a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Trade receivables have been grouped based on shared credit risk characteristics and days past due. Due to the significance of trade receivables and the complex nature of ECL calculation, this was considered as a key audit matter.	Our audit procedures in the area included the following: • Evaluated the appropriateness of the selection of the accounting policies; • Considered the appropriateness of the transition approach and evaluated the management's processes for selection of expected credit loss model; • Obtained an understanding of the process relating to the allowance for credit losses of trade receivables; • Evaluated the reasonableness of the key judgments and estimates relating to calculation of probability of default and forward-looking factor made in the expected credit loss model; • Involved specialists to assist in evaluating the judgments and estimates; • Evaluated the completeness, accuracy and relevance of data used in the expected credit loss model and checked the mathematical accuracy of the calculations; • Obtained an ageing report of trade receivables and tested the accuracy by checking the ageing of select invoices on a sample basis; and Details regarding credit risk and the aging of trade receivables is set out in note 8 of the financial statements. We also assessed the appropriateness of the disclosures in the financial statements in accordance with IFRS.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES (CONTINUED)

Key audit matters (continued)

Key audit matters	*How our audit addressed the key audit matters*
Impairment of investment in associates During the current year, impairment indicators were identified on the investments in certain associates, namely Muscat Gas Company SAOG and Lubchem International Industry LLC. As a result, an impairment assessment was required to be performed by comparing the carrying value of these associates to their recoverable amount to determine whether an impairment was required to be recognised. The recoverable amount was determined in accordance with IAS 36 Impairment of Assets to be the higher of the fair value less cost of disposal, represented by the recoverable amount and the value in use, determined by discounting future cash flows. There was uncertainty in estimating the recoverable amount of the investments in associates, which principally arose from the inputs used in both forecasting and discounting future cash flows. Furthermore, the value in use is highly sensitive to changes in these inputs. The determination of the recoverable amount of the investments in associates was one of the key judgemental areas in preparing the financial statements due to a combination of the significance of the investments in the associates and the inherent uncertainty in the assumptions supporting the recoverable amount of these investments. Accordingly, the impairment of investments in associates was determined to be a key audit matter in our audit of the consolidated financial statements.	Our audit procedures in the area included the following: • We inspected published market information on the share price, financial position and performance of the associates to evaluate the completeness of management's impairment assessment and to identify whether there were any additional indicators of impairment on other associates not assessed for impairment. • Together with our technical and valuation specialists, we assessed the appropriateness of the group's valuation methodology applied in determining the recoverable amount. • Together with our valuation specialists, we assessed the assumptions around the key drivers of the cash flow forecasts with reference to historic dividend income and expected growth rates, as well as exit yields referenced to forward dividend yields. • We discussed potential changes in key drivers with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. • We assessed the appropriateness of the disclosures made in the financial statements. Details regarding share of revenue and loss and share of associate's balance sheet is set out in note 6 of the financial statements. We also assessed the appropriateness of the disclosures in the financial statements in accordance with IFRS.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES (CONTINUED)

Other information included in the Group's 2018 Annual Report
Those charged with governance and management are responsible for the other information. Other information consists of the information included in the Group's 2018 Annual Report other than the financial statements and our auditor's report thereon. We obtained the following information prior to the date of our auditor's report, and we expect to obtain the published 2018 Annual 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.

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 those charged with governance for the financial statements
Those charged with governance are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the relevant requirements of the Commercial Companies Law of 1974, as amended, and the Capital Market Authority ("the CMA") of the Sultanate of Oman, and for such internal control as those charged with governance 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, those charged with governance are responsible for assessing the Group'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 those charged with governance either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES (CONTINUED)

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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of those charged with governance 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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES (CONTINUED)

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

We communicate with those charged with governance 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 those charged with governance 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, related safeguards.

From the matters communicated with those charged with governance, 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

In our opinion, the financial statements comply, in all material respects, with the relevant requirements of the Commercial Companies Law of 1974, as amended, and CMA of the Sultanate of Oman.

Ernst & Young LLC

Philip Stanton
Muscat
24 February 2019