

MUSCAT GASES COMPANY SAOG
Muscat – Sultanate of Oman

NOTES TO THE FINANCIAL STATEMENTS

1. STATUS AND ACTIVITIES

Muscat Gases Company SAOG (“the Company”) is an Omani Joint Stock Company incorporated in the Sultanate of Oman on November 13, 1989, under commercial registration no.1/16498/8.

The principal activities of the Company are manufacturing and distribution of various types of industrial and cooking gases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Financial statements preparation framework

The financial statements have been prepared in accordance with International Financial Reporting Standards including International Accounting Standards and Interpretations, promulgated by the International Accounting Standards Board and applicable requirements of the Commercial Companies Law and the disclosure requirements of the Capital Market Authority.

The significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

b) Basis of preparation

The financial statements are prepared under the historical cost basis except for investments stated at their fair value.

c) Financial assets

Financial assets are recognized and derecognized on the trade date when the Company becomes party to the contractual provisions of the instruments. The financial assets are initially recognized at fair value plus transactions costs except for the financial assets classified as investments (refer (f) below). The financial assets which are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. They are classified as non-current assets. The financial assets of the Company comprise of loan and receivables consisting of cash and cash equivalents and receivables. Loans and receivables are measured at amortized cost using the effective interest method less any impairment losses. Interest income if any is recognized by applying the effective interest rate except for short term receivables where the recognition of interest would be immaterial.

d) Receivables

Receivables with no stated interest rate are measured at the original invoice amount and presented in the statement of financial position net of any estimated provision for doubtful accounts. The Company’s management estimates doubtful accounts as of the statement of financial position date based on aging report of accounts receivable, individually analyzing each receivable.

e) Inventories

Inventories are stated at the lower of cost and new realizable value. Cost comprises direct materials and where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated cost to completion and costs to be incurred in marketing, selling and distribution.

f) Investments

The Company classifies the investments as available for sale investments. After initial recognition, investments which are classified “available for sale” are normally remeasured at fair value, unless fair

value cannot be reliably determined in which case, they are measured at cost less impairment. Fair value changes are reported as a separate component of equity until the investment is derecognized, or the investment is determined to be impaired. On derecognition or impairment the cumulative gain or loss previously reported as "cumulative changes in fair value" within equity, is included in the statement of comprehensive income for the year. Dividends if any are recognized in profit or loss when the Company's right to receive payments is established.

g) Investment in Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial operating policy decisions of the investee but is not control or joint control over those policies. The Company's investments in its associate are accounted for using the equity method. The aggregate of the Company's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

h) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method and assuming no salvage value. The estimated useful lives of various categories of property, plant and equipment are as follows:

	<u>Useful lives</u>
Buildings	25 years
Plant (Major)	20 years
Plant (Minor)	10 years
Semi-Trailers	20 years
Prime movers	8 years
Tools	4 years
Heavy vehicles	5 years
Light Vehicles	5 years
Computer Hardware	3 years
Computer Software	4 years
Office Equipment	4 years
Software	10 years
Furniture & fixtures	6 years

Land is not depreciated as it is deemed to have an indefinite life.

Expenditures for major additions and improvements are capitalized, while maintenance and repairs which do not enhance the economic lives of the assets, its capacity or reducing substantially operating costs are charged to expense when incurred. When items of property, plant and equipment are retired or otherwise disposed of the related cost and accumulated depreciation thereto are removed from the accounts and any resulting gain or loss is included in the statement of comprehensive income.

Capital work-in-progress is stated at cost. When commissioned, capital work-in-progress is transferred to appropriate property and equipment category and depreciated in accordance with the Company's policies.

i) Payables and accruals

Payables with no stated interest rate are measured at the original invoice amount, in cases where the imputed interest is immaterial. However, in cases where the imputed interest rate factor is material, accounts payables are stated at amortized cost, through application of the discounted cash flows method at market interest rate available on short-term borrowings with comparable average periods of maturity.

j) **End of service benefits**

The end of service benefits for eligible Omani employees are provided in accordance with Social Insurance Law of 1991. For others, provision for end of service benefits is based on the liability which would arise in accordance with the terms of the employment and the Labour Laws of the Sultanate of Oman, if the employment of all employees were terminated at the statement of financial position date. It is of a long-term nature.

k) **Cash and cash equivalents**

For the purpose of preparing the statement of cash flows, cash equivalents comprise of highly liquid assets which are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents represent cash on hand and unrestricted balances with banks. Overdrawn balance that fluctuates from debit to credit during the year are included in cash and cash equivalents.

l) **Translation of foreign currencies**

Transactions in foreign currencies are translated to Omani Rials at the rates prevailing on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated to Omani Rials at year end rates. Any gain or loss arising from changes in exchange rates subsequent to the date of the transaction is recognized in the statement of comprehensive income.

m) **Provisions**

Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable, and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date, that is, the amount that the Company would rationally pay to settle the obligation at the statement of financial position date or to transfer it to a third party.

Provisions reviewed and adjusted at each statement of financial position date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income. Provisions are only used for the purpose for which they were originally recognized.

n) **Related parties**

Related parties are considered to be related because they have the ability to exercise control over the Company or to exercise significant influence or joint control over the Company's financial and operating decisions. Further, parties are considered related to the Company when the Company has the ability to exercise control, significant influence, or joint control over the financial and operating decisions of those parties. Transactions with related parties, normally, comprise of transfer of resources, services, or obligations between the parties.

3. PROPERTY, PLANT AND EQUIPMENT - PARENT								
		Plant	Plant &	Motor	Furniture	Office	Capital work	Total
	Land	Building	Machinery	vehicles	& Fixtures	Equipment	in Progress	
COST								
At January 1, 2025	1,445,000	699,508	2,494,826	2,305,825	80,813	188,624	7,500	7,222,096
Additions	-	-	12,160	36,085	-	5,494	-	53,739
Disposals/Trf	-	-	-	(97,900)	-	(5,299)	-	(103,199)
At September 30, 2025	1,445,000	699,508	2,506,986	2,244,010	80,813	188,819	7,500	7,172,637
DEPRECIATION								
At January 1, 2025	-	572,703	1,970,118	1,812,949	74,832	162,263	-	4,592,864
Charge for the year	-	15,704	77,155	69,308	1,555	5,810	-	169,532
Disposals/Trf	-	-	-	(97,900)	-	(5,299)	-	(103,199)
Impairment	-	-	-	-	-	-	-	-
At September 30, 2025	-	588,407	2,047,272	1,784,357	76,387	162,774	-	4,659,197
NET BOOK VALUE								
At September 30, 2025	1,445,000	111,100	459,714	459,653	4,426	26,045	7,500	2,513,438
At September 30, 2024	1,445,000	132,659	545,890	514,870	7,244	26,437	82,108	2,754,207
Muscat Gases Co.SAOG								
3. PROPERTY, PLANT AND EQUIPMENT - GROUP								
		Plant	Plant &	Motor	Furniture	Office	Capital work	Total
	Land	Building	Machinery	vehicles	& Fixtures	Equipment	in Progress	
COST								
At January 1, 2025	1,595,000	699,508	2,550,861	2,395,620	127,725	213,399	25,269	7,607,382
Additions	-	-	14,472	36,085	-	5,597	570,915	627,068
Disposals/Trf	-	-	-	(97,900)	-	(5,299)	(545,489)	(648,688)
At September 30, 2025	1,595,000	699,508	2,565,333	2,333,805	127,725	213,696	50,695	7,585,762
DEPRECIATION								
At January 1, 2025	-	572,703	1,984,754	1,871,279	86,492	173,902	-	4,689,130
Charge for the year	-	15,704	89,287	82,778	7,751	9,977	-	205,496
Disposals/Trf	-	-	-	(97,900)	-	(5,299)	-	(103,199)
Impairment	-	-	-	-	-	-	-	-
At September 30, 2025	-	588,407	2,074,041	1,856,157	94,243	178,580	-	4,791,427
NET BOOK VALUE								
At September 30, 2025	1,595,000	111,100	491,292	477,648	33,483	35,116	50,695	2,794,336
At September 30, 2024	1,595,000	132,659	579,378	551,980	44,546	34,738	142,977	3,081,278

Unaudited Consolidated Financial Statements for the period ended 30-09-2025 were approved
by the Board of Directors on 09 11 2025

4. RIGHT OF USE ASSETS				
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Cost	379,429	379,429	379,429	379,429
Less: Accumulated Depreciation	(186,335)	(186,335)	(171,935)	(171,935)
Total	193,094	193,094	207,494	207,494
5. INVESTMENT				
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Investment	2,004,118	-	2,004,118	-
Total	2,004,118	-	2,004,118	-
6. GOODWILL				
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Goodwill	-	996,800	-	996,800
Total	-	996,800	-	996,800
7. INVENTORIES				
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Gas Cylinders	346,340	353,966	361,636	368,141
Raw-materials and spare parts	540,157	732,743	507,436	629,169
LPG bulk	70,233	100,840	1,823,614	1,824,966
	956,730	1,187,549	2,692,686	2,822,276
Allowance for slow moving inventories				
Gas Cylinders	-	-	-	-
Spare parts	-	-	-	-
Total allowances (note below)	-	-	-	-
	956,730	1,187,549	2,692,686	2,822,276
The movement in allowances for slow-moving inventories during the period				
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Opening balance	-	-	-	-
Charge for the period	-	-	-	-
Write off	-	-	-	-
Closing balance (as above)	-	-	-	-

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8. TRADE AND OTHER RECEIVABLES				
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Trade receivables	3,376,487	4,005,911	3,405,288	3,712,790
Trade receivables - Non current assets	-	-	-	-
Allowance for doubtful debts(note below)	(409,877)	(409,877)	(410,471)	(410,471)
Net trade receivables	2,966,610	3,596,034	2,994,817	3,302,319
Advance to suppliers	215	109,910	215	43,377
Due from related parties (note 21)	871,440	57	376,365	39,734
Due from employees	13,814	13,831	32,102	32,941
Other receivable	104,284	165,812	109,338	111,066
Prepaid expenses	53,360	67,369	50,348	54,062
Refundable deposits	1,397	1,397	3,392	3,392
Due from ex-partners - Al Aman Gas	-	-	-	-
VAT receivable	7,469	7,477	-	615
	4,018,589	3,961,886	3,566,577	3,587,507
The movement in allowance for doubtful debts:				
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Opneing balance	402,070	402,070	47,085	51,471
Add: charges during the period	-	-	-	-
Less: write off	-	-	1,289,161	1,427,789
Closing balance (as above)	402,070	402,070	1,336,247	1,479,260
9. CASH AND CASH EQUIVALENTS				
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Cash on hand	30,257	41,951	47,085	51,471
Bank balance:				
Current accounts & Term Deposits	1,017,231	1,121,536	1,289,161	1,427,789
	1,047,488	1,163,485	1,336,247	1,479,260

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10. SHARE CAPITAL

	30 th September 2025 (RO)		30 th September 2024 (RO)	
	Parent	Group	Parent	Group
Registered and paid-up capital	3,000,000	3,000,000	3,000,000	3,000,000
30,000,000 ordinary shares of 100 baizas each	3,000,000	3,000,000	3,000,000	3,000,000

The Company has one class of ordinary shares, which carry no right to fixed rate.

Details of shareholders of the Company who own 10% or more of the Company's shares and the number of shares they hold as on 30th September 2025 was as follows:

			2025	
			%	Number
Takamul Investment Co. SAOG			32.663	9,799,000
Civil Service Employees Pension Fund			15.000	4,500,000
Al Saud Co. Ltd (OAB)			10.092	3,027,525
			<u>57.755</u>	<u>17,326,525</u>

Management of capital structure:

The Company is not exposed to externally imposed capital requirement except in case the Company lost substantial paid up capital.

The Company's objective when managing capital is to safeguard the entities' ability to continue as a going concern. and to provide adequate return to shareholders.

The Company manages capital structure, by adjusting the amount paid as dividends, or increasing the paid-up capital, to have a decent debt equity ratio.

11. STATUTORY RESERVE

The statutory reserve, which is not a available for distribution, is calculated in accordance with Article 106 of the Commercial Companies Law. The annual appropriation must be 10% of the profit for each year after taxes, until such time as the reserve amounts to at least one third of the share capital.

12. SPECIAL RESERVE

This represents the balance amount transferred from the share premium in accordance with decision of the Board of Directors. This reserve is not available for distribution.

13. PROVISION FOR END OF SERVICE BENEFITS

The Company contributes to the Government of Oman Social Insurance Scheme, which is a defined contribution retirement plan.

The provision for end of service benefits for non-Omani employees is made in accordance with the requirements of Oman Labour Law. This is an un-funded defined benefits retirement plan and the movement during the year is as follows:

13. PROVISION FOR END OF SERVICE BENEFITS				
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Balance at January 1	117,977	142,433	126,533	134,641
Charge for the period	21,990	34,450	29,101	33,592
Amounts paid	(119)	(119)	(16,725)	(17,316)
Balance at March 31	139,848	176,765	138,909	150,917
14. TRADE AND OTHER PAYABLES				
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Trade payables	3,100,285	3,154,477	5,211,984	5,286,789
Due to Related Parties (note 21)	518,834	43,657	516,178	35,875
Accrued expenses and provision for leave&passage	98,933	138,175	128,018	242,366
Other Payable	485	1,990	582	11,174
VAT payable	-	8,833	15,104	19,075
Advance from Customers	89,589	89,589	86,430	86,430
	3,808,126	3,436,720	5,958,296	5,681,709
15. PROVISION FOR INCOME TAX				
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Profit for the period before tax	2,003,112	2,039,295	(262,884)	(370,669)
Tax at the domestic income tax rate of 15%	324,724	328,744	-	2,056
Tax charge for the period	324,724	328,744	-	2,056
Provision for taxation for the period is as follows:				
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Balance as of January 1	20,218	24,996	32,808	33,798
Charge for the period	-	4,021	-	2,056
Tax paid	-	(4,777)	(12,590)	(13,713)
Closing balance	20,218	24,240	20,218	22,141
16. NET ASSETS PER SHARE				
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Net assets as at June 30 (RO)	5,711,714	5,600,488	5,760,607	5,630,049
Number of shares outstanding at June 30 (Nos)	30,000,000	30,000,000	30,000,000	30,000,000
Net assets per share (RO)	0.190	0.187	0.192	0.188

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17. COST OF SALES				
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Raw materials consumed (net)	12,790,982	13,462,714	12,266,601	12,559,051
Depreciation of property, plant and equipment	165,043	193,740	164,262	196,948
Depreciation of right of use assets	10,800	10,800	10,800	10,800
Salaries and related costs	428,035	703,295	472,023	691,495
Vehicle expenses	559,341	576,412	453,373	467,035
Sales Discount	23,426	23,426	127,408	127,408
Cylinder replacement and testing charges	33,676	33,676	57,139	57,139
Other operating expenses	462,651	418,280	378,563	363,944
	14,473,954	15,422,342	13,930,169	14,473,821

Restatement

During the year 2025, Management has restated the inventories to match with IAS 8 and corresponding correction in cost of revenue where the current year results were affected by by positive 2,163,894 OMR. The same took place for the year 2024 that was affected by the same amount negatively. The above restatement has no impact on Retained earnings and eq

18. GENERAL, SALES AND ADMINISTRATION EXPENSES

	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Salaries and related costs	524,113	692,648	466,244	606,636
Directors sitting fees	38,800	38,800	29,300	29,300
Communication expenses	17,439	23,136	14,912	21,024
HO Depreciation	4,493	11,760	6,431	12,444
Depreciation of Right of use assets	-	-	-	-
Provision for doubtful debts	7,807	7,807	3,201	3,201
Allowance for slow-moving inventories	-	-	-	-
Travelling expenses	22,012	39,148	35,729	40,680
Sales promotion, advertisement and marketing expenses	34,472	35,664	42,387	43,380
Vehicle expenses	18,213	32,538	18,623	37,717
Insurance	2,552	2,552	2,428	3,600
Printing and stationery	1,001	1,183	928	1,354
Interest and bank charges	23,222	25,300	22,804	25,227
Interest on lease liabilities	13,776	13,776	13,776	13,776
Legal charges	6,433	7,299	3,833	4,269
Professional fees (Audit fees and consultancy charges)	12,850	15,864	10,155	14,307
IT, Utilities, software and General expenses	90,878	119,345	83,934	99,425
	818,060	1,066,818	754,686	956,341

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19. INVESTMENT AND OTHER INCOME				
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Interest income from bank deposits	18,637	18,637	29,021	29,021
Investment income	.	.	.	.
Miscellaneous income	60,892	60,892	32,628	32,851
	79,528	79,528	61,650	61,873
20. EARNING PER SHARE				
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Profit for the period (RO)	1,678,388	1,710,551	(1,723,163)	(1,833,003)
Weighted average number of shares (Nos)	30,000,000	30,000,000	30,000,000	30,000,000
Earning per share (RO)	0.056	0.057	(0.057)	(0.061)

21. RELATED PARTY TRANSACTIONS				
At September 30 balance with related parties were as follows:				
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Due from related parties/subsidiaries:				
Al Aman Gas	-	-	-	-
Muscat Power Pioneer	477,693	0	122,074	-
United Market Solution	40,900	-	-	-
Muscat Power Solutions Saudi Arabia	352,790	(0)	214,558	0
Oman Oil Marketing Co.	57	57	39,734	39,734
Note-8	871,440	57	376,365	39,735
	30 September 2025 (RO)		30 September 2024 (RO)	
	Parent	Group	Parent	Group
Due to related parties/subsidiaries				
Oman Oil Marketing Co.SAOG	43,657	43,657	35,875	35,875
Muscat Power Pioneer	0	0	-	-
United Marketing Solutions	64,887	-	74,202	-
Al Aman Gas	410,290	-	406,101	-
Note -14	518,834	43,657	516,178	35,875