

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.

Unaudited Consolidated Financial Statements for the period ended 31-03-2026 were approved by the Board of Directors on 11-05-2026

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.

Unaudited Consolidated Financial Statements for the period ended 31-03-2026 were approved
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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.

Unaudited Consolidated Financial Statements for the period ended 31-03-2026 were approved
by the Board of Directors on 11-05-2026

3. PROPERTY, PLANT AND EQUIPMENT - PARENT								
	Land	Plant Building	Plant & Machinery	Motor vehicles	Furniture & Fixtures	Office Equipment	Capital work in Progress	Total
COST								
At January 1, 2026	2,015,000	699,508	2,509,628	2,245,590	80,813	189,809	7,500	7,747,848
Additions	-	-	-	3,883	-	-	-	3,883
Disposals/Trf	-	-	-	-	-	-	-	-
At March 31, 2026	2,015,000	699,508	2,509,628	2,249,473	80,813	189,809	7,500	7,751,731
DEPRECIATION								
At January 1, 2026	-	592,628	2,072,058	1,809,460	76,669	164,806	-	4,715,621
Charge for the year	-	2,193	21,167	22,482	258	1,978	-	48,079
Disposals/Trf	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At March 31, 2026	-	594,821	2,093,225	1,831,942	76,927	166,784	-	4,763,699
NET BOOK VALUE								
At March 31, 2026	2,015,000	104,686	416,403	417,531	3,886	23,025	7,500	2,988,030
At March 31, 2025	1,445,000	121,570	504,032	470,450	5,462	25,490	7,500	2,579,504
Muscat Gases Co.SAOG								
3. PROPERTY, PLANT AND EQUIPMENT - GROUP								
	Land	Plant Building	Plant & Machinery	Motor vehicles	Furniture & Fixtures	Office Equipment	Capital work in Progress	Total
COST								
At January 1, 2026	2,257,000	699,508	2,570,449	2,335,385	127,725	214,686	59,423	8,264,175
Additions	-	-	1,395	3,883	-	-	240,707	245,984
Disposals/Trf	-	-	-	-	-	-	(180,035)	(180,035)
At March 31, 2026	2,257,000	699,508	2,571,843	2,339,268	127,725	214,686	120,094	8,330,124
DEPRECIATION								
At January 1, 2026	-	592,628	2,103,011	1,885,750	96,590	181,873	-	4,859,852
Charge for the year	-	2,193	21,324	25,620	1,587	3,552	-	54,276
Disposals/Trf	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At March 31, 2026	-	594,821	2,124,335	1,911,370	98,177	185,425	-	4,914,128
NET BOOK VALUE								
At March 31, 2026	2,257,000	104,686	447,509	427,898	29,549	29,260	120,094	3,415,997
At March 31, 2025	1,595,000	121,570	543,139	497,425	38,650	37,189	72,037	2,905,010

Unaudited Consolidated Financial Statements for the period ended 31-03-2026 were approved by the Board of Directors on 11-05-2026

4. RIGHT OF USE ASSETS				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Cost	466,226	466,226	379,429	379,429
Less: Accumulated Depreciation	(192,946)	(192,946)	(179,135)	(179,135)
Total	273,280	273,280	200,294	200,294
5. INVESTMENT				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Investment	2,004,118	-	2,004,118	-
Total	2,004,118	-	2,004,118	-
6. GOODWILL				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Goodwill	-	996,800	-	996,800
Total	-	996,800	-	996,800
7. INVENTORIES				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Gas Cylinders	336,275	342,986	106,509	114,495
Raw-materials, spare parts and other inventory	472,816	680,063	763,861	918,390
LPG bulk	125,281	129,107	1,709,723	1,739,229
	934,373	1,152,157	2,580,093	2,772,114
Allowance for slow moving inventories				
Gas Cylinders	-	-	-	-
Spare parts	-	-	-	-
Total allowances (note below)	-	-	-	-
	934,373	1,152,157	2,580,093	2,772,114
The movement in allowances for slow-moving inventories during the period				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Opening balance	-	-	-	-
Charge for the period	-	-	-	-
Write off	-	-	-	-
Closing balance (as above)	-	-	-	-

Unaudited Consolidated Financial Statements for the period ended 31-03-2026 were approved by the Board of Directors on 11-05-2026

8. TRADE AND OTHER RECEIVABLES				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Trade receivables	2,852,973	3,561,424	4,737,609	5,197,157
Allowance for doubtful debts(note below)	(805,727)	(810,163)	(408,210)	(408,210)
Net trade receivables	2,047,246	2,751,261	4,329,399	4,788,947
Advance to suppliers	215	126,575	215	215
Due from related parties (note 21)	761,975	-	590,918	57
Due from employees	10,888	13,461	30,963	31,404
Other receivable	77,822	136,613	106,678	108,408
Prepaid expenses	74,816	101,658	81,405	99,853
Refundable deposits	1,397	1,397	1,397	1,397
Due from ex-partners - Al Aman Gas	-	-	-	-
VAT receivable	-	18,861	-	-
	2,974,359	3,149,827	5,140,977	5,030,281
The movement in allowance for doubtful debts:				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Opneing balance	805,727	810,163	402,070	402,070
Add: charges during the period	-	-	6,140	6,140
Less: write off	-	-	-	-
Closing balance (as above)	805,727	810,163	408,210	408,210
9. CASH AND CASH EQUIVALENTS				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Cash on hand	37,106	35,346	45,805	48,346
Bank balance:				
Current accounts & Term Deposits	1,749,723	1,946,072	595,032	784,201
	1,786,829	1,981,417	640,837	832,547

Unaudited Consolidated Financial Statements for the period ended 31-03-2026 were approved by the Board of Directors on 11-05-2026

10. SHARE CAPITAL

	31st March 2026 (RO)		31st March 2025 (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 31st March 2026 was as follows:

	2026	
	%	Number
Blue Gas Saudi Arabia	41.840	12,552,000
Social Protection Fund	21.016	6,304,914
Al Saud Co. Ltd (OAB)	10.092	3,027,525
	<u>72.948</u>	<u>21,884,439</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:

Unaudited Consolidated Financial Statements for the period ended 31-03-2026 were approved by the Board of Directors on 11-05-2026

13. PROVISION FOR END OF SERVICE BENEFITS				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Balance at January 1	144,223	185,204	117,977	142,432
Charge for the period	(18,413)	(15,828)	8,705	12,567
Amounts paid	-	(864)	-	-
Balance at March 31	125,810	168,512	126,682	154,999
14. TRADE AND OTHER PAYABLES				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Trade payables	3,511,160	3,695,434	5,641,490	5,796,122
Due to Related Parties (note 21)	408,814	-	551,337	49,427
Accrued expenses and provision for leave&passage	162,347	205,359	126,329	147,800
Other Payable	634	79,629	603	7,672
VAT payable	13,309	67,651	2,314	12,263
Advance from Customers	84,678	84,678	112,292	112,292
	4,180,941	4,132,751	6,434,365	6,125,576
15. PROVISION FOR INCOME TAX				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Profit for the period before tax	121,138	105,680	15,016	19,936
Tax at the domestic income tax rate of 15%	18,171	21,602	2,252	3,379
Tax charge for the period	18,171	21,602	2,252	3,379
Provision for taxation for the period is as follows:				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Balance as of January 1	20,218	29,761	20,218	24,996
Charge for the period	18,171	21,602	2,252	3,379
Tax paid	-	225	-	-
Closing balance	38,389	51,588	22,470	28,375

The Company has provided for income tax in accordance with the income tax laws of the Sultanate of Oman at the rate of 15% on taxable profit.

The Company's income tax assessments finalized up to 2020. The management believes that additional taxes, if any, in respect of open tax years would not be material to the Company's financial position as of March 31, 2026.

Unaudited Consolidated Financial Statements for the period ended 31-03-2026 were approved by the Board of Directors on 11-05-2026

16. NET ASSETS PER SHARE

Net assets per share are calculated by dividing the net assets attributable to the shareholders of the Company by the number of shares outstanding at the period end as follows:

16. NET ASSETS PER SHARE				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Net assets as at March 31 (RO)	6,049,017	6,034,633	5,885,260	5,745,665
Number of shares outstanding at March 31 (Nos)	30,000,000	30,000,000	30,000,000	30,000,000
Net assets per share (RO)	0.202	0.201	0.196	0.192
17. COST OF SALES				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Raw materials consumed (net)	3,809,611	4,080,735	5,315,780	5,478,129
Depreciation of property, plant and equipment	46,396	49,706	54,301	63,927
Depreciation of right of use assets	3,011	3,011	3,600	3,600
Salaries and related costs	133,251	237,213	144,493	235,921
Vehicle expenses	163,564	169,555	183,547	189,606
Sales Discount	34,087	34,087	7,389	7,389
Cylinder replacement and testing charges	22,059	22,059	15,170	15,170
Other operating expenses	134,031	136,889	181,359	171,401
	4,346,010	4,733,254	5,905,638	6,165,141

Unaudited Consolidated Financial Statements for the period ended 31-03-2026 were approved by the Board of Directors on 11-05-2026

18. GENERAL, SALES AND ADMINISTRATION EXPENSES				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Salaries and related costs	143,110	198,475	173,631	231,958
Directors sitting fees	2,600	2,600	8,000	8,000
Communication expenses	7,089	9,606	5,376	7,337
HO Depreciation	1,683	4,571	1,470	3,963
Depreciation of Right of use assets	-	-	-	-
Provision for doubtful debts	-	-	6,140	6,140
Allowance for slow-moving inventories	-	-	-	-
Travelling expenses	2,819	4,440	11,589	17,722
Sales promotion, advertisement and marketing expenses	1,793	2,535	6,839	6,839
Vehicle expenses	4,747	10,424	5,928	10,609
Insurance	860	860	851	851
Printing and stationery	72	189	251	251
Interest and bank charges	10,864	11,052	6,421	7,596
Interest on lease liabilities	5,717	5,717	4,592	4,592
Legal charges	970	970	1,050	1,050
Professional fees (Audit fees and consultancy charges)	8,235	9,570	4,940	6,196
IT, Utilities, software and General expenses	25,117	33,205	21,195	30,344
	215,673	294,213	258,273	343,448
19. INVESTMENT AND OTHER INCOME				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Interest income from bank deposits	5,548	5,548	7,207	7,207
Investment income	-	-	-	-
Miscellaneous income	2,080	2,163	2,729	2,729
	7,627	7,710	9,936	9,936
20. EARNING PER SHARE				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Profit for the period (RO)	102,967	84,078	12,764	16,557
Weighted average number of shares (Nos)	30,000,000	30,000,000	30,000,000	30,000,000
Earning per share (RO)	0.003	0.003	0.000	0.001

Unaudited Consolidated Financial Statements for the period ended 31-03-2026 were approved by the Board of Directors on 11-05-2026

21. RELATED PARTY TRANSACTIONS				
At March 31 balance with related parties were as follows:				
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Due from related parties/subsidiaries:				
AlAman Gas	-	-	-	-
Muscat Power Pioneer	398,760	-	346,514	0
United Marketing Solution	10,502	-	0	-
Muscat Power Solutions Saudi Arabia	352,713	(0)	244,347	-
Oman Oil Marketing Co.	-	-	57	57
Note-8	761,975	(0)	590,918	57
	31 March 2026 (RO)		31 March 2025 (RO)	
	Parent	Group	Parent	Group
Due to related parties/subsidiaries				
Oman Oil Marketing Co.SAOG	-	-	49,427	49,427
Muscat Power Pioneer	0	-	0	0
United Marketing Solutions	0	-	47,624	-
AlAman Gas	408,814	-	454,286	0
Note -14	408,814	-	551,337	49,427

Unaudited Consolidated Financial Statements for the period ended 31-03-2026 were approved by the Board of Directors on 11-05-2026