National Gas Company SAOG and Its Subsidiaries

PARENT COMPANY AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS

QUARTER ENDED 31 MARCH 2017

NATIONAL GAS COMPANY SAOG AND ITS SUBSIDIARIES

PARENT COMPANY AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	Parent Company		Group	
		2017	2016	**2017**	2016
		RO	RO	**RO**	RO
ASSETS					
Non-current assets					
Property, plant and equipment	4	**5,361,522**	5,331,445	**21,422,179**	21,908,859
Available-for-sale investments	5	**1,481,356**	1,492,954	**1,481,356**	1,492,954
Investment in subsidiaries	6	**9,599,177**	9,599,177	**-**	-
Goodwill	6	**-**	-	**7,338,700**	8,272,881
Other investments	7	**75,000**	320,000	**558,049**	540,760
Dues from associates	21	**33,562**	52,937	**33,562**	52,937
Total non-current assets		**16,550,617**	16,796,514	**30,833,846**	32,268,391
Current assets					
Inventories	8	**560,117**	556,315	**1,395,307**	970,426
Trade and other receivables	9	**4,044,060**	3,976,628	**12,391,583**	10,650,013
Cash and bank balances	10	**175,903**	165,148	**3,948,914**	5,624,660
		4,780,080	4,698,091	**17,735,804**	17,245,098
Non-current assets classified as held for sale	4 & 7	**95,000**	-	**95,000**	1,102,967
Total current assets		**4,875,080**	4,698,091	**17,830,804**	18,348,065
Total assets		**21,425,697**	21,494,605	**48,664,650**	50,616,456
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	11	**6,000,000**	5,500,000	**6,000,000**	5,500,000
Share premium	11(a)	**3,787,632**	3,787,632	**3,787,632**	3,787,632
Legal reserve	12	**1,687,136**	1,641,262	**1,695,031**	1,657,051
Other reserve	13	**300,000**	300,000	**508,719**	300,000
Investment revaluation reserve		**858,448**	870,046	**858,448**	870,046
Revaluation reserve	14	**2,575,349**	2,666,413	**2,575,349**	2,666,413
Warranty reserve		**-**	-	**-**	1,728
Foreign currency translation reserve		**-**	-	**(2,841,277)**	(2,038,218)
Retained earnings		**496,124**	1,187,180	**4,340,376**	3,367,281
Equity attributable to equity holders of parent		**15,704,689**	15,952,533	**16,924,278**	16,111,933
Non-controlling interest		-	-	**5,908,733**	5,290,287
Total equity		**15,704,689**	15,952,533	**22,833,011**	21,402,220
LIABILITIES					
Non-current portion of term loans	18	**631,955**	100,000	**5,143,508**	8,105,841
Derivative liability and warranty reserve	16	**-**	-	**-**	887,955
Accrual for staff terminal benefits	17	**271,366**	223,824	**307,180**	226,165
Deferred tax liability	28	**480,750**	385,733	**2,665,131**	1,894,449
Total non-current liabilities		**1,384,071**	709,557	**8,115,819**	11,114,410
Current liabilities					
Accounts payable and accruals	19	**2,071,920**	1,910,432	**6,760,527**	5,394,705
Bank overdrafts	10	**1,179,833**	1,685,794	**1,188,175**	1,685,794
Short term loans	20	**661,421**	-	**6,749,069**	6,862,576
Current portion of term loans	18	**400,000**	1,200,000	**2,990,261**	4,119,988
Provision for taxation	28	**23,763**	36,290	**27,788**	36,762
Total current liabilities		**4,336,937**	4,832,516	**17,715,820**	18,099,826
Total liabilities		**5,721,008**	5,542,072	**25,831,639**	29,214,236
Total equity and liabilities		**21,425,697**	21,494,605	**48,664,650**	50,616,456
Net assets per share	22	**0.262**	0.290	**0.282**	0.293

The attached notes 1 to 36 form part of these parent company and consolidated financial statement.

NATIONAL GAS COMPANY SAOG AND ITS SUBSIDIARIES

PARENT COMPANY AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended 31 March 2017

		Parent Company		Group	
		2017	2016	2017	2016
	Notes	RO	RO	RO	RO
Sales	23	**2,820,029**	3,036,699	**19,668,627**	15,685,714
Cost of sales	24	**(2,423,219)**	(2,475,800)	**(17,242,249)**	(12,680,314)
Gross profit		**396,810**	560,899	**2,426,378**	3,005,400
Administrative expenses	25	**(322,945)**	(321,009)	**(1,280,931)**	(1,215,713)
Operating profit		**73,865**	239,890	**1,145,447**	1,789,687
Other income	27	**82,567**	79,063	**77,606**	159,165
Share of results from joint ventures	7	**-**	-	**15,026**	17,506
Finance cost		**(21,168)**	(27,661)	**(232,004)**	(273,064)
Fair valuation adjustment on derivatives liability	16	**-**	-	**-**	(17,737)
Impairment of investment in an associate	7	**-**	-	**-**	-
Impairment of available-for-sale investments	5	**-**	-	**-**	-
Profit before taxation		**135,264**	291,292	**1,006,075**	1,675,558
Taxation	28	**(19,783)**	(34,064)	**(201,639)**	(359,325)
Profit for the Year		**115,481**	257,228	**804,436**	1,316,233
Other comprehensive income / (expense)					
Items that may be reclassified subsequently to profit or loss (net of tax):					
Movement in fair value of available-for-sale investments		**(90,895)**	(50,888)	**(90,895)**	(50,888)
Defer Tax Liability on Land Revaluation		**(91,064)**		**(91,064)**	
Impairment recognised in profit or loss		**-**	-	**-**	-
Exchange difference on translation of foreign operation		**-**	-	**28,589**	1,094,064
Net other comprehensive expense to be reclassified to profit or loss in subsequent periods		**(181,959)**	(50,888)	**(153,370)**	1,043,176
Other comprehensive income (expense) for the year		**(181,959)**	(50,888)	**(153,370)**	1,043,176
Total comprehensive income / (expense) for the year		**(66,478)**	206,340	**651,066**	2,359,409
Profit attributable to:					
Equity holders of the Parent		**115,481**	257,228	**500,488**	932,514
Non-controlling interest		**-**	-	**303,948**	383,719
Total profit for the year		**115,481**	257,228	**804,436**	1,316,233
Total comprehensive income					
Equity holders of the Parent		**(66,478)**	206,340	**462,471**	1,537,806
Non-controlling interest		**-**	-	**188,595**	821,603
Total comprehensive income / (expense) for the year		**(66,478)**	206,340	**651,066**	2,359,409
Basic and diluted earnings per share attributable to ordinary equity holders of the Parent	29	**0.002**	0.004	**0.008**	0.016

The attached notes 1 to 36 form part of these Parent Company and Consolidated financial statements.

NATIONAL GAS COMPANY SAOG AND ITS SUBSIDIARIES

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the quarter ended 31 March 2017

Parent Company	*Share capital*	*Share premium*	*Legal reserve*	*Other reserve*	*Investment revaluation reserve*	*Revaluation reserve*	*Retained earnings*	*Total*
	RO	*RO*	*RO*	*RO*	*RO*	*RO*	*RO*	*RO*
At 1 January 2016	5,000,000	3,787,632	1,615,539	300,000	920,935	2,666,413	2,080,676	16,371,195
Profit for the year	-	-	-	-	-	-	600,489	600,489
Other comprehensive income	-	-	-	-	28,408	-	-	28,408
Total comprehensive income	-	-	-	-	28,408	-	600,489	628,897
Dividend paid during the year	-	-	-	-	-	-	(625,000)	(625,000)
Issue of bonus shares	500,000	-	-	-	-	-	(500,000)	-
Transfer to legal reserve	-	-	60,049	-	-	-	(60,049)	-
At 31 December 2016	**5,500,000**	**3,787,632**	**1,675,588**	**300,000**	**949,343**	**2,666,413**	**1,496,116**	**16,375,092**
At 1 January 2017	5,500,000	3,787,632	1,675,588	300,000	949,343	2,666,413	1,496,116	16,375,092
Profit for the year	-	-	-	-	-	-	115,481	115,481
Other comprehensive income	-	-	-	-	(90,895)	(91,064)	-	(181,959)
Total comprehensive income	-	-	-	-	(90,895)	(91,064)	115,481	(66,478)
Dividend paid during the year	-	-	-	-	-	-	(603,925)	(603,925)
Issue of bonus shares	500,000	-	-	-	-	-	(500,000)	-
Transfer to legal reserve	-	-	11,548	-	-	-	(11,548)	-
At 31 March 2017	**6,000,000**	**3,787,632**	**1,687,136**	**300,000**	**858,448**	**2,575,349**	**496,124**	**15,704,689**

The attached notes 1 to 36 form part of these Parent Company and consolidated financial statements.

NATIONAL GAS COMPANY SAOG AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the quarter ended 31 March 2017

Group	***Share capital*** ***RO***	***Share premium*** ***RO***	***Legal reserve*** ***RO***	***Other reserves*** ***RO***	***Investment revaluation reserve*** ***RO***	***Revaluation reserve*** ***RO***	***Warranty reserve*** ***RO***	***Foreign currency translation reserve*** ***RO***	***Retained earnings*** ***RO***	***Equity attributable to equity holders of the parent*** ***RO***	***Non controlling interest*** ***RO***	***Total equity*** ***RO***
At 1 January 2016	5,000,000	3,787,632	1,623,433	515,080	920,935	2,666,413	1,580	(2,603,846)	3,315,114	15,226,341	4,468,685	19,695,026
Profit for the year	-	-	-	-	-	-	-	-	2,796,266	2,796,266	1,251,453	4,047,719
Exchange difference on translation	-	-	-	(9,293)	-	-	-	(381,373)	-	(390,666)		(390,666)
Movement of fair value of available for sale investment	-	-	-	-	28,408	-	-	-	-	28,408	-	28,408
Total comprehensive income (expense)	-	-	-	(9,293)	28,408	-	-	(381,373)	2,796,266	2,434,008	1,251,453	3,685,461
Issue of bonus shares	500,000	-	-	-	-	-	-		(500,000)	-	-	-
Warrant redeemed during the year	-	-	-	-	-	-	(1,580)	-	-	(1,580)	-	(1,580)
Dividend paid during the year	-	-	-	-	-	-	-	-	(625,000)	(625,000)	-	(625,000)
Transfer to reserve			52,155	7,895					(52,155)	7,895	-	7,895
At 31 December 2016	**5,500,000**	**3,787,632**	**1,675,588**	**513,682**	**949,343**	**2,666,413**	**-**	**(2,985,219)**	**4,934,225**	**17,041,664**	**5,720,138**	**22,761,802**
At 1 January 2017	5,500,000	3,787,632	1,675,588	513,682	949,343	2,666,413	-	(2,985,219)	4,934,225	17,041,664	5,720,138	22,761,802
Profit for the year	-	-	-	-	-	-	-	-	500,488	500,488	303,948	804,436
Exchange difference on translation	-	-	-	-	-	-	-	143,942		143,942	(115,353)	28,589
Movement of fair value of available for sale investment	-	-	-	-	(90,895)	(91,064)	-	-	-	(181,959)	-	(181,959)
Total comprehensive income (expense)	-	-	-	-	(90,895)	(91,064)	-	143,942	500,488	462,471	188,595	651,066
Issue of bonus shares	500,000	-	-	-	-	-	-			500,000	-	**500,000**
Warrant redeemed during the year	-	-	-	-	-	-	-	-	(500,000)	(500,000)	-	(500,000)
Dividend paid during the year	-	-	-	-	-	-	-	-	(603,925)	(603,925)	-	(603,925)
Transfer to reserve			19,443	(4,963)					9,583	24,063	-	24,063
At 31 March 2017	**6,000,000**	**3,787,632**	**1,695,031**	**508,719**	**858,448**	**2,575,349**	**-**	**(2,841,277)**	**4,340,371**	**16,924,273**	**5,908,733**	**22,833,006**

NATIONAL GAS COMPANY SAOG AND ITS SUBSIDIARIES

PARENT COMPANY AND CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended 31 March 2017

	Parent Company		*Group*	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Operating activities				
Profit before taxation	**135,264**	291,292	**1,006,080**	1,316,233
Adjustments for:			**-**	
Share of results of associate	**-**	-	**-**	17,506
Depreciation	**122,819**	129,359	**484,389**	478,241
Fair value adjustment on derivative liability	**-**	-	**-**	17,737
Impairment of available-for-sale investments	**-**	-	**-**	
Impairment of investment in an associate		-	**-**	
Interest income	**(1)**		**(4,151)**	(2,859)
Interest paid	**21,168**	(27,661)	**244,830**	254,380
Accrual for staff terminal benefits	**27,551**	27,571	**31,774**	27,571
Dividend income	**(58,254)**	(54,934)	**(58,254)**	(57,665)
Allowances for bad debts	**-**		**-**	
Bad debt recovery	**-**		**-**	
Unrealised (gain)/loss on forex	**-**		**(7,009)**	
Provision for Tax/Chnages in Deffered Tax Liablity	**(507)**		**(507)**	
Profit on sale of property, plant and equipment	**(24,459)**	(13,735)	**(24,459)**	(19,181)
Operating cash flows before working capital changes	**223,580**	351,892	**1,672,693**	2,031,963
Working capital changes:				
Inventories	**63,237**	(182,841)	**(263,503)**	(219,178)
Trade and other receivables	**(178,873)**	(17,580)	**(275,210)**	451,948
Accounts payable and accruals	**(159,944)**	(288,907)	**410,436**	222,585
Cash flow from operations	**(52,000)**	(137,436)	**1,544,416**	2,487,318
Payment of staff terminal benefits	**(6,537)**	(5,780)	**(6,748)**	(5,780)
Tax paid	**(86,022)**	(136,017)	**(86,703)**	(136,608)
Net cash from operating activities	**(144,559)**	(279,232)	**1,450,965**	2,344,930
Investing activities				
Acquisition of property, plant and equipment	**(86,374)**	(141,187)	**(465,075)**	(389,743)
Investments in subsidiaries	**-**		**-**	-
Disposal of a subsidiary	**-**		**-**	-
Proceeds from sale of property, plant and equipment	**65,151**	13,738	**65,151**	19,185
Amount received from a related party			**-**	-
Dividends received	**58,254**	54,934	**58,254**	54,934
Interest received	**1**		**4,151**	2,859
Net cash used in investing activities	**37,032**	(72,515)	**(337,519)**	(312,765)

The attached notes 1 to 36 form part of these Parent Company and consolidated financial statements

NATIONAL GAS COMPANY SAOG AND ITS SUBSIDIARIES

PARENT COMPANY AND CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the quarter ended 31 March 2017

	Parent Company			*Group*
	2017	***2016***	***2017***	***2016***
	RO	*RO*	***RO***	*RO*
Financing activities				
Repayment of long term loan loans	**631,955**	(300,000)	**631,955**	(300,000)
Dividend paid			**-**	-
Interest paid	**(21,167)**	27,661	**(244,828)**	(266,317)
Warrant buy-out			**-**	-
Proceeds from short term loan	**64,818**	(1,000,000)	**64,818**	(1,000,000)
Owing to ultimate holding co			**(164)**	7,169
Net cash (used in) from financing activities	**675,606**	(1,272,339)	**451,945**	(1,559,148)
Net changes in cash and cash equivalents	**568,079**	(1,624,086)	**1,565,391**	473,017
Net movement in foreign currency translation reserve	**-**	-	**49,887**	13,235
Cash and cash equivalents at 1 January 2017	**(1,572,009)**	103,440	**1,145,461**	3,452,614
Cash and cash equivalents at 31 December 2016	**(1,003,931)**	(1,520,646)	**2,760,739**	3,938,866

1 CORPORATE INFORMATION

National Gas Company SAOG (“the Parent Company" or "the Company”) is registered as a joint stock company in the Sultanate of Oman. The Company was incorporated on 9 April 1979. The Company has been established to operate Liquefied Petroleum Gas (“LPG”) filling plants, and is engaged in the marketing and selling of LPG.

The Parent Company has controlling interests in five subsidiary companies, the details of which are set out in note 2.2.

2.1 BASIS OF PREPARATION

These financial statements for the Quarter ended 31 March 2017 comprise the Parent Company and its subsidiaries (together “the Group”). 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”. The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), the relevant requirement of Commercial Companies Law of 1974, as amended, and of the Capital Market Authority.

The Parent Company’s and consolidated financial statements have been prepared on the historical cost basis except for land, available-for-sale investments and derivative liability that have been measured at fair value. The Group performs equity accounting for its investment in its associates and joint ventures in the consolidated financial statements.

The Parent Company’s and its Group's consolidated financial statements have been presented in Rial Omani which is the functional of the Parent Company and reporting currency for these consolidated financial statements.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 March 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

• 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:

2.2 BASIS OF CONSOLIDATION (continued)

• 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.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company 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 interest
• Derecognises the cumulative translation differences recorded in other comprehensive income
• Recognises the fair value of the consideration received
• Recognises the fair value of any investment retained
• Recognises any surplus or deficit in consolidated income statement
• Reclassifies the Parent Company's share of components previously recognised in other comprehensive income to consolidated income statement or retained earnings, as appropriate.

In the Parent Company's financial statements, the investment in the subsidiary is carried at cost less impairment.

The consolidated financial statements incorporate the following subsidiary companies in which the Group has a controlling interest:

	Principal Activity	**Ownership 2017**	Ownership 2016
Incorporated in UAE			
NGC Energy FZE	LPG Distribution	**100%**	100%
NGC Energy	LPG Distribution	**100%**	100%
NGC Central Gas Systems LLC	Trading Activity	**49%**	-
Incorporated in KSA			
NGC Energy LLC Saudi	Gas Projects	**100%**	100%
Incorporated in Mauritius			
Innovative Energy Holdings Mauritius Limited	Investments	**100%**	100%

NGC Energy is a 100% subsidiary which has been formed for taking over commercial activities from NGC Energy FZE. The commercial activities of the entity have commenced from 1 January 2015.

2.2 BASIS OF CONSOLIDATION (continued)

The Group also holds control over NGC Consolidated Holding SDN BHD Malaysia, through their 100% stake in Innovative Energy Holdings Mauritius Limited. NGC Consolidated Holding SDN BHD Malaysia is a Joint Venture partner in NGC Energy SDN BHD with a holding of 60%.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Investment in an associate

The Group's investment in its associate, an entity in which the Group have significant influence, is accounted for using the equity method.

Under the equity method, the investment in an associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate are included in the carrying amount of the investment and are neither amortised nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the Group's share of results of operations of the associate. When there has been a change recognised in the statement of comprehensive income or directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of comprehensive income.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of associate is shown on the face of the consolidated statement of comprehensive income.

The financial statements of the associate are prepared for the same reporting period as the Parent Company. Where 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 the its investment in its associate. At each reporting date, the Group determines whether there is an objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated income statement.

2.2 BASIS OF CONSOLIDATION (continued)

Investment in an associate (continued)

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in the consolidated income statement. In the parent company's financial statements the investment in the associate is carried at cost less impairment.

Interest in joint venture

A joint venture is a jointly controlled entity, whereby the ventures have a contractual arrangement that establishes joint control over the economic activities of the entity. The Group accounts for its interest in the joint venture using the equity method of accounting. In the Parent Company's financial statements, the investment in joint venture is carried at cost less impairment.

2.3 CHANGES IN ACCOUNTING POLICIES

Standards, amendments and interpretation effective :

For the Quarter ended 31 March 2017, the Parent Company and 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 2017.

• Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
• Annual Improvements 2012-2014 Cycle
  - IFRS 5 Non- Current Assets Held for Sale and Discontinued Operations
  - IFRS 7 Financial Instruments: Disclosures
  - IAS 19 Employee Benefits
  - IAS 34 Interim Financial Reporting
• Amendments to IAS 1 Disclosure Initiative

The adoption of these standards and interpretations has not resulted in significant changes to the Parent Company's and Group's accounting policies and has not affected the amounts reported for the current year.

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

The following new standards and amendments have been issued by the International Accounting Standards Board (IASB) which may impact the financial statements of the Parent Company and Group but are not yet mandatory for the Quarter ended 31 March 2017:

2.3 CHANGES IN ACCOUNTING POLICIES (continued)

IFRS 9: Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group plans to adopt the new standard on the required effective date.

IFRS 15: Revenue from Contracts with Customers

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

IFRS 16: Leases

The IASB issued IFRS 16 Leases (IFRS 16), which requires lessees to recognise assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases. The 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 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.4.1 Revenue recognition

Revenue from LPG filling
Sales represent the value of gas and related accessories supplied during the year. Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of returns. Sale is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Dividend income
Dividend income is recognised when the right to receive dividend is established.

Interest income
Interest income is recognised as the interest accrues using the effective interest method.

Contract revenue and profit recognition
Contract revenue comprises the total value of construction / project work performed during the year. Profit on long term contracts is recognised on the percentage of completion basis. No profit is taken until a contract has progressed to the point where the ultimate realisable profit can be reasonably determined. Provision is made for all losses incurred to the reporting date plus any further losses that are foreseen in bringing contracts to completion.

2.4.2 Taxation

Income tax
Taxation is provided in accordance with fiscal regulations applicable to each country of operation.

Deferred income taxation is provided using the liability method on all temporary differences at the reporting date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

No tax is applicable for one of the subsidiaries based in the UAE as it is registered as a Free Zone Establishment.

2.4.3 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Land and buildings are subsequently revalued, on an asset-by-asset basis, to their market values. Valuations of land and buildings are normally carried out every five years, on an open market value, for existing use basis. This period may be reduced for classes of land and buildings in respect of which market conditions have changed significantly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.3 Property, plant and equipment (Continued)

The carrying amounts, both those revalued and those measured at cost, are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed this recoverable amount assets are written down to their recoverable amount.

When an asset is revalued, any increase in the carrying amount arising on revaluation is credited under revaluation reserve in other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Profit or Loss, in which case the increase is recognised in the Profit or Loss. A revaluation deficit is recognised in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the Profit or Loss as the expense is incurred.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the original cost of the assets. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation

Land and capital work in progress are not depreciated. The cost or valuation, less estimated residual value, of other property, plant and equipment is depreciated by equal annual instalments over the estimated useful lives of the assets. Capital work in progress is transferred into appropriate asset categories upon the completion of projects and depreciation is provided from that date. The rates of depreciation are based on the following estimated useful lives:

	Years
Leasehold buildings	20
Plant and machinery	5-10
Cylinders	10
Furniture, fixtures and office equipment	5
Software	3
Tractors and trailers	5
Motor vehicles	4

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Profit or Loss when the asset is derecognised.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.4 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition- related costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or a liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement is measured at fair value with changes in fair value recognised either in consolidated income statement or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with appropriate IFRS. If the contingent consideration is classified as equity, it should not be remeasured and subsequent settlement is accounted within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non- controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefits from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash - generation unit retained.

2.4.5 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.5 Leases (continued)

Group as a lessee
Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.4.6 Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or financial assets available-for-sale, or derivatives as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction cost except, in the case of financial assets recorded at fair value through profit or loss.

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.

The Group's financial assets include quoted and unquoted financial assets available-for-sale, medium term receivables, accounts receivable, bank balances and cash and derivative financial instruments.

2.4.6.1 Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets available-for-sale

Financial assets available-for-sale are non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, financial assets held-to-maturity or loans and receivables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.6.1 Subsequent measurement (continued)

After initial measurement, financial assets available-for-sale are subsequently measured at fair value with unrealised gains or losses being recognised as other comprehensive income in the cumulative changes in fair value reserve until the investment is derecognised at which time the cumulative gain or loss is recognised in the profit or loss. Investments whose fair value cannot be reliably measured are carried at cost less impairment losses, if any.

Accounts receivable
Accounts receivable are shown at the balance due, net of provisions for amounts estimated to be uncollectible.

Due from or due to installation contract customers
The amounts due from or due to installation contract customers is the net amount of costs incurred, plus recognised profits, (less recognised losses) less progress billings for all contracts in progress. For all contracts for which costs are incurred, plus recognised profits (less recognised losses) exceed progress billings, the gross amount is presented as due from installation contract customers. For all contracts for which progress billings exceed costs incurred, plus recognised profits (less recognised losses), the gross amount is presented as due to installation contract customers.

2.4.6.2 Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

• The rights to receive cash flows from the asset have expired

• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4.6.3 Impairment of financial assets

An assessment is made at each reporting date to determine whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults.

Financial assets available-for-sale
For financial assets available-for-sale, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss– is removed from other comprehensive income and recognised in the profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.7 Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable and accruals, amounts due to related parties, bank overdrafts and term loans.

2.4.7.1 Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Term loans
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the profit or loss.

2.4.7.2 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.8 Fair value measurement

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 by 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

• Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
• Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
• Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the separate financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.8 Fair value measurement (continued)

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques include discounted cash flow analysis or other valuation models.

The fair value of unquoted derivatives is determined by reference to the counter party's valuation at the year end.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost of inventories is determined on the first in first out basis and includes all costs incurred in acquiring the inventories and bringing them to their existing location and condition.

2.4.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount or CGU.

In assessing 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.10 Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase in other comprehensive income.

2.4.11 Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

2.4.12 Employees' end of service benefits

The Group's obligation in respect of non-Omani terminal benefits, which is an unfunded defined benefit retirement plan, is the amount of future benefit that such employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value, and is in accordance with Omani Labour Laws.

Contributions to defined contribution retirement plans for Omani employees are in accordance with the Oman Social Insurance Scheme and are recognised as an expense in the profit or loss as incurred.

2.4.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.4.14 Foreign currencies

Transactions denominated in foreign currencies are translated to Rials Omani at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Rials Omani at exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction. The functional currency of foreign subsidiaries, based in the United Arab Emirates and Malaysia, are UAE Dirhams and Malaysia Ringgits (RM) respectively. As at the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group (Rial Omani) at the rate of exchange ruling at the reporting date and their statement of profit or loss and other comprehensive income is translated at the average exchange rates for the year. Foreign exchange differences arising on translation are recognised in the other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.15 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2.4.16 Directors' remuneration

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

2.4.17 Dividend distribution

Dividend distribution to the shareholders of the Parent Company are recognised as a liability in the financial statements only in the period in which the dividends are approved by the Parent Company's shareholders.

2.4.18 Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of reclassification.

Equity accounting for investment in associate ceases once classified and included as held for sale.

Investment in an associate classified as held for sale is disclosed in Note 7 to the financial statements.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Parent Company's and consolidated financial statements, as per IFRS, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the reporting date and the resultant provisions and changes in fair value for the year. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly significant, degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated assets and liabilities.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment
Depreciation is charged so as to write off the cost of assets over their estimated useful lives. 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 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Allowance for doubtful debts
Allowance for doubtful debts is based on management's assessment of various factors such as the Group's past experience of collecting receivables from the customers and the age of debts.

Allowance for slow moving inventories
Allowance for slow moving inventories is based on management's assessment of various factors such as the usability, maintenance programs, and normal wear and tear using best estimates.

Impairment of available-for-sale investments
The Group determines whether available-for-sale investments are impaired when there has been a significant or prolonged decline in their fair value below cost. This determination of what is significant or prolonged requires judgment. In making this judgment and to record whether impairment occurred, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology and operational and financial cash flows.

Fair value of derivative liability
The derivative liability, which is related to the put option of warrants issued by the subsidiary company, is being fair valued by an external professional valuer using discounted cash flow method as the directors is of the opinion that it is unlikely that warrant holders will convert the warrants into ordinary shares of the subsidiary company and hence the most foreseeable method to realise the value of the warrants would be to exercise the put option.

Impairment of goodwill
Goodwill are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 6.

Taxes
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 of the Group. 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.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

4 Property, plant and equipment

Parent Company	*Freehold land*	*Building*	*Plant and equipment*	*Tractors and trailers*	*Motor vehicles*	*Furniture and fittings*	*Software*	*Cylinders*	*Capital Work-in-Progress (CWIP)*	*Total*
	RO	*RO*	*RO*	*RO*	*RO*	*RO*	*RO*	*RO*	*RO*	*RO*
Cost/Valuation										
At 1 January 2016	**3,190,000**	**2,246,714**	**3,356,704**	**1,924,833**	**450,838**	**377,103**	**131,717**	**117,951**	**191,248**	**11,987,108**
Additions	**-**	**26,625**	**72,387**	**107,008**	**113,181**	**56,480**	**6,696**	**-**	**313,451**	**695,828**
Transfer from CWIP	**-**	**37,535**	**173,770**	**144,548**	**-**	**17,253**	**17,374**	**-**	**(390,480)**	**-**
Disposals	**-**	**(70)**	**(422,706)**	**(402,993)**	**(74,056)**	**(137,163)**	**(17,812)**	**(117,951)**	**-**	**(1,172,751)**
At 31 December 2016	**3,190,000**	**2,310,804**	**3,180,155**	**1,773,396**	**489,963**	**313,673**	**137,975**	**-**	**114,219**	**11,510,185**
At 1 January 2017	**3,190,000**	**2,310,804**	**3,180,155**	**1,773,396**	**489,963**	**313,673**	**137,975**	**-**	**114,219**	**11,510,185**
Additions			**679**		**3,000**	**44**			**82,647**	**86,370**
Transfer from CWIP										**-**
Disposals				**(81,384)**						**(81,384)**
At 31 March 2017	**3,190,000**	**2,310,804**	**3,180,834**	**1,692,012**	**492,963**	**313,717**	**137,975**	**-**	**196,866**	**11,515,171**

4 Property, plant and equipment (continued)

Parent Company	*Freehold land*	*Building*	*Plant and Equipment*	*Tractors and Trailers*	*Motor Vehicles*	*Furniture and Fittings*	*Software*	*Cylinders*	*Capital Work-in-Progress (CWIP)*	*Total*
	RO	*RO*	*RO*	*RO*	*RO*	*RO*	*RO*	*RO*	*RO*	*RO*
Depreciation										
At 1 January 2016	**-**	**1,617,117**	**2,757,539**	**1,541,714**	**318,168**	**249,582**	**66,960**	**116,407**	**-**	**6,667,487**
Charge for the year	**-**	**63,041**	**103,474**	**184,669**	**79,967**	**51,928**	**37,242**	**1,350**	**-**	**521,671**
Disposals	**-**	**(69)**	**(401,609)**	**(377,067)**	**(74,056)**	**(129,984)**	**(17,094)**	**(117,757)**	**-**	**(1,117,636)**
At 31 December 2016	**-**	**1,680,089**	**2,459,404**	**1,349,316**	**324,079**	**171,526**	**87,108**	**-**	**-**	**6,071,522**
At 1 January 2017	**-**	**1,680,089**	**2,459,404**	**1,349,316**	**324,079**	**171,526**	**87,108**	**-**	**-**	**6,071,522**
Charge for the year		**16,021**	**28,262**	**37,903**	**19,187**	**12,281**	**9,164**			**122,819**
Disposals				**(40,692)**						**(40,692)**
At 31 March 2017	**-**	**1,696,110**	**2,487,666**	**1,346,527**	**343,266**	**183,807**	**96,272**	**-**	**-**	**6,153,649**
Carrying value										
At 31 March 2017	**3,190,000**	**614,694**	**693,168**	**345,484**	**149,697**	**129,910**	**41,703**	**-**	**196,866**	**5,361,522**
At 31 December 2016	3,190,000	630,715	720,751	424,080	165,884	142,147	50,867	-	114,219	5,438,663

(a) Buildings at a cost of RO 1,222,774 are constructed on leasehold land.

(b) Land was revalued on 4 September 2014 on an open market value for existing use basis by an independent firm of valuers. The valuation of land as per the valuation as of that due date was RO 3,190,000. Management believes valuation is not materially different as of the reporting date.

4 Property, plant and equipment (continued)

Group	*Freehold land RO*	*Building RO*	*Plant and equipment RO*	*Tractors and trailers RO*	*Motor vehicles RO*	*Furniture and fittings RO*	*Software RO*	*Cylinders RO*	*Capital Work-in-Progress (CWIP) RO*	*Total RO*
Cost / valuation										
At 1 January 2016	5,275,541	2,495,293	13,928,561	1,924,833	632,175	701,227	131,717	4,775,008	1,067,321	30,931,676
Exchange difference on translation	**(90,113)**	**(4,031)**	**(444,809)**	**-**	**(85)**	**(12,561)**	**-**	**(201,224)**	**(37,859)**	**(790,682)**
Additions	**-**	**26,625**	**84,137**	**107,008**	**141,497**	**66,580**	**8,133**	**-**	**2,586,693**	**3,020,673**
Disposals	**-**	**(70)**	**(422,789)**	**(402,993)**	**(75,931)**	**(137,178)**	**(17,811)**	**(117,950)**	**-**	**(1,174,722)**
Reclassification	**105,919**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**105,919**
Transfer from CWIP	**-**	**37,535**	**983,796**	**144,710**	**73,155**	**96,693**	**17,374**	**801,350**	**(2,154,613)**	**-**
At 31 December 2016	**5,291,347**	**2,555,352**	**14,128,896**	**1,773,558**	**770,811**	**714,761**	**139,413**	**5,257,184**	**1,461,542**	**32,092,864**
At 1 January 2017	5,291,347	2,555,352	14,128,896	1,773,558	770,811	714,761	139,413	5,257,184	1,461,542	32,092,864
Exchange difference on translation	**29,943**	**1,272**	**151,895**	**56,652**	**1,042**	**5,096**	**-**	**74,908**	**14,206**	**335,014**
Additions			**4,509**	**-**	**3,000**	**4,143**	**3,105**		**532,343**	**547,100**
Disposals				**(81,384)**						**(81,384)**
Reclassification			**199,489**	**-**	**-**	**11,719**	**-**	**110,975**	**(322,183)**	**-**
Transfer from CWIP										**-**
At 31 March 2017	**5,321,290**	**2,556,624**	**14,484,789**	**1,748,826**	**774,853**	**735,719**	**142,518**	**5,443,067**	**1,685,907**	**32,893,594**

4 Property, plant and equipment (continued)

Group	*Freehold land RO*	*Building RO*	*Plant and equipment RO*	*Tractors and trailers RO*	*Motor vehicles RO*	*Furniture and fittings RO*	*Software RO*	*Cylinders RO*	*Capital work-in-progress (CWIP) RO*	*Total RO*
Depreciation										
At 1 January 2016	**4,441**	**1,639,256**	**4,863,782**	**1,541,715**	**338,596**	**406,419**	**66,960**	**1,466,514**	**-**	**10,327,682**
Exchange difference on translation	**(285)**	**(732)**	**(105,285)**	**-**	**(198)**	**(8,279)**	**-**	**(69,156)**	**-**	**(183,935)**
Charge for the year	**4,223**	**75,369**	**844,205**	**184,666**	**129,227**	**135,221**	**38,578**	**491,430**	**-**	**1,902,919**
Disposals	**-**	**(70)**	**(401,832)**	**(377,068)**	**(75,931)**	**(129,994)**	**(17,093)**	**(117,560)**	**-**	**(1,119,548)**
At 31 December 2016	**8,379**	**1,713,823**	**5,200,870**	**1,349,313**	**391,694**	**403,367**	**88,445**	**1,771,228**	**-**	**10,927,118**
At 1 January 2017	**8,379**	**1,713,823**	**5,200,870**	**1,349,313**	**391,694**	**403,367**	**88,445**	**1,771,228**	**-**	**10,927,118**
Exchange difference on translation	**119**	**263**	**38,137**	**31,255**	**77**	**3,142**	**-**	**25,236**		**98,229**
Charge for the year	**957**	**19,094**	**222,067**	**46,655**	**24,862**	**29,897**	**9,894**	**133,335**		**486,759**
Disposals				**(40,692)**						**(40,692)**
At 31 March 2017	**9,455**	**1,733,180**	**5,461,074**	**1,386,530**	**416,633**	**436,406**	**98,339**	**1,929,799**	**-**	**11,471,414**
Carrying value										
At 31 March 2017	**5,311,835**	**823,444**	**9,023,715**	**362,295**	**358,220**	**299,313**	**44,179**	**3,513,269**	**1,685,907**	**21,422,179**
At 31 December 2016	5,282,968	841,529	8,928,026	424,245	379,117	311,394	50,968	3,485,956	1,461,542	21,165,746

Non-current asset classified as held for sale

On 17 December 2015, the Board of Directors approved the sale of a parcel of land measuring approximately 5,041 Sq. meters in the state of Palau Pinang (the Land) with a carrying amount of RO 1,008,237.

During the year, an amount of RO 105,919 was reclassified back to property, plant and equipment as this amount relates to the freehold land that was not part of the asset held for sale.

5 AVAILABLE FOR SALE INVESTMENTS

	Parent Company		***Group***	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
At 1 January	**1,492,954**	1,543,842	**1,492,954**	1,543,842
Fair value changes	**(11,598)**	(50,888)	**(11,598)**	(50,888)
At 31 March 2017	**1,481,356**	1,492,954	**1,481,356**	1,492,954

	Parent Company and Group	
	Cost	***Fair value***
31 March 2017	***RO***	***RO***
Insurance	**29,270**	**216,330**
Industrial	**40,000**	**100,400**
Investment	**14,143**	**194,999**
Banking	**132,437**	**161,023**
Telecommunication	**32,814**	**28,400**
Services	**374,244**	**780,205**
	622,908	**1,481,356**
31 March 2016		
Insurance	29,270	215,280
Industrial	40,000	92,000
Investment	14,143	153,775
Banking	132,437	158,791
Telecommunication	32,814	30,500
Services	374,244	842,609
	622,908	1,492,954

6 INVESTMENT IN SUBSIDIARIES

	2017	*2016*
	RO	*RO*
Innovative Energy Holdings Mauritius Ltd	**9,464,204**	9,464,204
NGC Energy FZE	**15,735**	15,735
NGC Energy Saudi LLC	**103,500**	103,500
NGC Energy	**15,738**	15,738
	9,599,177	9,599,177

6 INVESTMENT IN SUBSIDIARIES (Continued)

	Country of incorporation	***Ownership interest (%)***	
		2017	*2016*
NGC Energy FZE	UAE	**100**	100
NGC Energy	UAE	**100**	100
NGC Energy Saudi LLC	KSA	**100**	100
Innovative Energy Holdings Mauritius Ltd	Mauritius	**100**	100
NGC Central Gas Systems LLC	UAE	**49**	-

NGC Central Gas Systems LLC (NGC CGS) is a company formed in UAE with Pro Partner Investment (PPI) as the Emirati partner. The Group holds 49% of the shareholding in NGC CGS and is in the process of entering into an arrangement of gaining 100% beneficial ownership via a management agreement with PPI.

Goodwill

Goodwill arose on the acquisition of Shell Malaysia Trading's LPG business by NGC Energy SDN BHD, being the fair value of consideration paid over net assets acquired.

Goodwill is allocated, at acquisition, to the Cash-Generating Unit (CGU) of the company that is expected to benefit from the business transfer. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

The recoverable amount of a CGU is determined based on the higher of fair value less costs to sell and value-in-use. The value-in-use calculations are based on financial budgets approved by management covering a 5 year period and a discount rate of 11.75% per annum (2015: 12.2%), reflecting the weighted average cost of debts of the subsidiary. The directors believe that an average growth rate of nil (2015: nil) per annum is reasonable for cash flow projection purposes as it is determined based on expectations of future changes in the market.

7 OTHER INVESTMENTS

	Parent Company		***Group***	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Unigaz LLC - Joint Venture (Note a)	**75,000**	75,000	**558,049**	487,266
NGC Buzwair LLC - Associate (Note b) - *classified as held for sale*	**95,000**	245,000	**95,000**	53,493
	170,000	320,000	**653,049**	540,760

a) Investment in Joint Venture

In 2009, the Group acquired a 50% interest in Unigaz LLC, which is engaged in the distribution of gas and maintenance of cooking gas pipes in the Sultanate of Oman.

b) Investment in an associate

In 2013, the Group acquired a 49% interest in NGC Buzwair Gases LLC (Buzwair), a company incorporated in the Sultanate of Oman and engaged in the manufacture and marketing of industrial gas and related products through a shareholders agreement dated 10 November 2013. Since Buzwair has not undertaken any substantial business in Oman, the Parent Company and other JV partner have unanimously decided to liquidate Buzwair and have passed the required resolutions. The liquidation proceedings will be undertaken by an independent party duly licensed in Oman. As the fair value less costs to sell was determined to be lower than the carrying amount by RO 150 k and RO 54 k in the Parent Company and the Group's financial statements, respectively, impairment loss have been recognised accordingly.

7 OTHER INVESTMENTS (continued)

The following table illustrates summarised information of the Group's investment in its joint venture and on associate:

	2017 RO	2016 RO
Share of joint venture's and associates statement of financial position:		
Current assets	**492,067**	507,035
Non-current assets	**365,615**	402,339
Current liabilities	**(163,651)**	(138,584)
Non-current liabilities	**(135,981)**	(230,031)
	558,049	540,760
Share of statement of income:		
Revenue	**403,098**	343,204
Profit attributable to Group – Year 2016 includes 50% share of Unigaz LLC (Year 2015 includes 50% for Unigaz LLC & 49% for NGC Buzwair LLC.)	**15,026**	17,506

8 INVENTORIES

	Parent Company		Group	
	2017 RO	2016 RO	2017 RO	2016 RO
LPG	**206,856**	167,589	**861,342**	523,476
Finished goods	**138,296**	116,409	**173,803**	116,409
Cylinders and accessories	**18,654**	58,656	**20,781**	58,656
Plant and other spares	**136,068**	119,740	**195,067**	119,740
Project inventory	**38,102**	82,544	**86,636**	140,767
Work in progress	**22,141**	11,377	**57,678**	11,377
	560,117	556,315	**1,395,307**	970,426

9 TRADE AND OTHER RECEIVABLES

	Parent Company		*Group*	
	2017 RO	2016 RO	2017 RO	2016 RO
Trade receivables	**1,610,023**	1,783,258	**6,174,494**	5,405,926
Less: allowance for impairment of receivables	**(72,658)**	(44,766)	**(72,658)**	(44,766)
	1,537,365	1,738,493	**6,101,836**	5,361,160
Advance for purchases	**350,424**	152,786	**356,430**	231,878
Claims for Government subsidy	**-**	-	**4,657,906**	3,136,331
GST refund	**-**	-	**471,715**	746,737
Due from related parties (note 21)	**1,096,504**	1,099,328	**-**	-
Advances to related parties (note 21)	**849,446**	718,723	**-**	-
Accrued income	**146,514**	129,296	**179,705**	129,296
Other receivables	**51,414**	92,540	**414,572**	106,145
Prepayments	**11,233**	44,302	**169,327**	751,330
Deposits	**1,160**	1,160	**40,092**	187,136
	4,044,060	3,976,628	**12,391,583**	10,650,013

9 TRADE AND OTHER RECEIVABLES (continued)

Movement in the allowance for impairment of receivables was as follows:

	Parent Company		***Group***	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
At 1 January	**57,658**	41,413	**57,658**	41,413
Add: provided during the year	**15,000**	3,353	**15,000**	3,353
Less: written off		-	**-**	-
At 31 March	**72,658**	44,766	**72,658**	44,766

10 CASH AND CASH EQUIVALENTS

	Parent Company		***Group***	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Cash in hand	**19,806**	22,276	**23,142**	24,120
Cash at banks				
- current accounts	**154,192**	135,226	**3,923,867**	5,592,893
- call deposit accounts	**1,905**	7,647	**1,905**	7,647
Cash and bank balances	**175,903**	165,148	**3,948,914**	5,624,660
Bank overdrafts	**(1,179,833)**	(1,685,794)	**(1,188,175)**	(1,685,794)
Cash and cash equivalents	**(1,003,930)**	(1,520,646)	**2,760,739**	3,938,866

Short term call deposits are placed with commercial banks at an interest rate of 1% per annum (2015: 1% per annum) and have maturities of up to three months from the date of placement.

Bank overdrafts are availed from a commercial bank for working capital requirements on revolving credit basis. Bank overdrafts are unsecured and repayable on demand.

11 SHARE CAPTIAL

The authorised share capital comprises 120,000,000 shares of RO 0.100 each (2015: 120,000,000 of RO 0.100 each). The issued and fully paid-up share capital is RO 5,500,000 comprising 55,000,000 shares of RO 0.100 each (2015: 50,000,000 of RO 0.100). In March 2016, the shareholders approved a bonus issue of 9.09 shares for every 100 shares held (2015: 10 shares for every 100 shares held) in order to increase the issued share capital of the Parent Company to RO 6,000,000 (2015: RO 5,500,000).

11(a) SHARE PREMIUM

The Parent Company during 2014 issued 15,561,414 rights shares of RO 0.375 each (including RO 0.275 each as premium) to the existing shareholders. The related details are set out below:

	RO
Total share premium collected	4,279,386
Less: issue expenses	(13,506)
Share premium balance	4,265,880
Transfer to legal reserve during 2014 (note 12)	(478,248)
Balance as on 31 March 2016 and 2017	**3,787,635**

12 LEGAL RESERVE

As required by the Commercial Companies Law of the Sultanate of Oman, the Parent Company transfers 10% of its profit for the year to legal reserve until such time as the legal reserve amounts to at least one third of the Parent Company's share capital. The reserve is not available for distribution.

During the year, the Parent Company has transferred RO 11,548 towards legal reserve representing 10% of profit for the period till Mar 2017 (2016: RO 25,723).

13 OTHER RESERVES

(i) Other reserves include a general reserve for the Parent Company, which is created in accordance with Article 106 of the Commercial Companies Law. The annual appropriation is made as per the decision of the Board of Directors and not exceed 20% of the profit for the year after deduction of taxes and the statutory reserve and the reserve shall not exceed one half of the share capital of the Company. This is a distributable reserve.

(ii) Other reserves also include the Parent Company's share of the share premium from its subsidiary NGC Energy SDN BHD, Malaysia. The share premium arose from the issuance of shares to the non-controlling interest in the subsidiary and the amount is not available for distribution.

14 REVALUATION RESERVE

This represents the surplus on the revaluation of freehold land, net of tax and is not available for distribution until the related assets have been disposed off.

15 DIVIDENDS

The share holders at Annual General Meeting held in Mar 2017 approved cash dividend in respect of the year 2016 of RO 0.011 per share (2015: RO 0.0125) amounting to RO 605,000 (2015: RO 625,000), and a issue of bonus shares of 9.09 shares for every 100 shares held (2015: 10 shares held for every 100 shares), in order to increase the share capital of the Parent Company to RO 6,000,000 (2015: RO 5,500,000).

16 DERIVATIVE LIABILITY AND WARRANTY RESERVE

The derivative liability, which is related to the put option of warrants, has been recorded in the accounting records of the Group's subsidiary NGC Energy SDN BHD, Malaysia. The fair value of the derivative liability was determined by an external professional value using discounted cash flow method as the management is of the opinion, that it is unlikely that warrant holders will convert the warrants into ordinary shares of the subsidiary. Hence the most foreseeable method to realise the value of the warrants would be to exercise the put option. Derivative financial liability is valued using a valuation technique with market observable inputs. The applied valuation technique includes discounting cash flow method. The model incorporate various inputs including potential proceeds receivable by the Warrant Holders, cost of equity and cost of debt.

The warrants in issue by the subsidiary redeemed during the financial year are as follows:

	Number of warrants			
	At 1 January 2016	*Issued*	*Redeemed*	*At 31 March 2,017*
Warrants outstanding	**4,817,008**	-	**(4,817,008)**	-

17 ACCRUAL FOR STAFF TERMINAL BENEFITS

	Parent Company		***Group***	
	2017 RO	*2016 RO*	***2017 RO***	*2016 RO*
At 1 January	**223,824**	202,029	**246,930**	223,115
Charge for the period	**27,551**	27,571	**31,773**	8,827
Payment made during the period	**19,991**	(5,777)	**28,477**	(5,777)
At 31 March	**271,366**	223,823	**307,180**	226,165

18 TERM LOAN AND BORROWINGS

During May 2012, the Company entered into a Facility Agreement with a bank to finance the acquisition of Shell Malaysia's LPG business through their subsidiary in Malaysia.

	Parent Company		***Group***	
	2017 RO	*2016 RO*	***2017 RO***	*2016 RO*
Non Current				
Term loan 1	**1,031,955**	1,300,000	**1,031,955**	1,300,000
Islamic term loan	**-**	-	**7,101,814**	10,925,829
Total	**1,031,955**	1,300,000	**8,133,769**	12,225,829
Current portion of term loan 1	**(400,000)**	(1,200,000)	**(400,000)**	(4,119,988)
Current portion of Islamic term loan	**-**	-	**(2,590,261)**	-
Current portion	**(400,000)**	(1,200,000)	**(2,990,261)**	(4,119,988)
Non-current portion	**631,955**	100,000	**5,143,508**	8,105,841

18 TERM LOAN AND BORROWINGS (continued)

Term loan 1

The Parent Company obtained the first draw down of the loan amounting to RO 4,466,211 on 3 May 2012 and the second draw down of RO 1,533,789 on 18 October 2012. The term loan carries an interest rate of 4.5% per annum till 19 May 2013 and 4% per annum as amended by the facility letter dated May 20, 2013 and repayable in 20 Quarterly installments of RO 300,000 starting 3 May 2013 and matures on 3 May 2018. Interest will be serviced monthly during the moratorium period and on Yearly basis thereafter. After the rights issue proceeds received on 8th May 2014 the Company repaid RO 1,100,000 as principle amount and RO 400,000 is balance as on 31 March 2016 (2015 RO 1,600,000). During 2015, term loan 1 was secured by registered mortgage over pledge of shares held as available-for-sale, all future dividend and bonus shares on such investments.

Term loan 2 - Islamic term loan

The Islamic term loan and revolving credits are secured by a subsidiary as following:
(a) First ranking charge over 100% of shares of the subsidiary
(b) First ranking debentures incorporating fixed and floating charges over all assets of the subsidiary, both present and future.
(c) Charge and assignment by way of security over the designated bank account.
(d) First fixed charge over the memorandum of lease for LPG filling plants dated 9 May 2012 respectively.

The Islamic term loan and revolving credits of the subsidiary are also guaranteed by the parent company.

The weighted average effective interest rates of the borrowings by the subsidiary are as follows:

	2017	*2016*
	%	%
Islamic term loan	**5.34**	5.42
Revolving credits (note 20)	**5.44**	5.39

19 ACCOUNTS PAYABLE AND ACCRUALS

	Parent Company		***Group***	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Trade creditors	**260,727**	128,431	**1,387,123**	994,083
Proposed Dividend	**603,925**	625,000	**603,925**	625,000
Directors’ remuneration	**114,100**	64,699	**114,100**	64,699
Accrued expenses	**963,770**	930,020	**2,609,063**	2,414,251
Other creditors	**129,398**	162,280	**1,635,781**	843,799
Amount due to related parties	**-**	-	**410,535**	452,874
	2,071,920	1,910,430	**6,760,527**	5,394,705

20 SHORT TERM LOANS

	Parent Company		***Group***	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Revolving credits	**-**	-	**6,087,648**	6,862,576
Short term loan	**661,421**	-	**661,421**	-
	661,421	-	**6,749,069**	6,862,576

Short term loans are unsecured from commercial banks and carry interest at market interest rates.

21 RELATED PARTY TRANSACTIONS

The Group has related party relationships with entities over which certain shareholders and Directors are able to exercise significant influence. The Group also has related party relationships with its Directors and senior management. In the ordinary course of business, such related parties provide goods and render services to the Group.

Prices and terms for transactions with related parties, which are entered into in the normal course of business, and are on terms and conditions which the Directors consider are comparable with those that could be obtained from unrelated third parties. Details of related party balances and transactions (including transactions and balances with related parties as a result of common directorship) for the quarter ended 31 March 2017 are as follows:

	Parent Company		***Group***	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Amount due from subsidiaries and associate – short term	**1,096,504**	1,099,328	**-**	-
Advance to subsidiaries	**849,446**	718,723	**-**	-
Amount due from joint venture	**33,562**	52,937	**33,562**	52,937
Short term loans	**661,421**	-	**661,421**	-
Term loans	**1,031,955**	1,300,000	**1,031,955**	1,300,000
Bank overdrafts	**1,179,833**	1,685,794	**1,188,175**	1,685,794

Amounts due from subsidiaries, associate and a joint venture are interest free and have no fixed terms.

Transactions with related parties during the year were as follows:

	Parent Company		***Group***	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Sales to subsidiaries	**410,007**	873,150	**410,007**	873,150
Rental and other income	**94,317**	97,751	**94,317**	97,751
Expenses paid	**136,573**	27,900	**136,573**	27,900
Finance cost	**15,253**	25,846	**15,253**	25,846

22 NET ASSETS PER SHARE

Net assets per share are calculated by dividing the equity attributable to the shareholders of the Parent Company at the reporting date by the number of shares outstanding as follows:

	Parent Company		***Group***	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Net assets (RO)	**15,704,689**	15,952,533	**16,924,278**	16,111,933
Number of shares outstanding at 31 March 2017	**60,000,000**	60,000,000	**60,000,000**	60,000,000
Net assets per share (RO)	**0.262**	0.266	**0.282**	0.269

23 SALES

	Parent Company		Group	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Sale of LPG	**2,246,903**	2,627,932	**19,106,322**	15,180,148
Project income	**337,064**	179,086	**385,712**	246,579
Sale of new empty LPG cylinders and accessories	**49,633**	48,051	**49,633**	48,050
Sale of BMCG, accessories and other industrial gases	**69,054**	64,667	**89,460**	88,277
Lubricant sales	**18,328**	351	**25,727**	1,509
Other income	**57,368**	80,488	**(4,635)**	80,296
Vehicle hire charges and rental income	**41,679**	36,124	**16,408**	40,854
	2,820,029	3,036,699	**19,668,627**	15,685,714

24 COST OF SALES

	Parent Company		Group	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Opening stock	**167,589**	81,169	**523,476**	365,401
Local purchases	**1,453,771**	1,605,165	**9,903,909**	9,288,136
Imports	**-**	168,257	**5,473,467**	1,460,016
Closing stock	**(206,856)**	(167,589)	**(861,342)**	(523,476)
	1,414,504	1,687,002	**15,039,510**	10,590,077
Other direct expenses:				
Direct labour	**324,856**	305,710	**508,162**	466,560
Project costs	**300,636**	124,081	**308,345**	181,087
Depreciation	**95,303**	99,071	**436,559**	430,229
Plant and vehicle maintenance	**81,897**	67,213	**460,847**	72,516
Other direct expenses	**58,754**	65,488	**309,500**	423,082
Cost of cylinders sold	**37,622**	37,691	**37,622**	37,691
Insurance	**27,367**	30,589	**36,104**	36,623
Fuel and transportation cost	**27,446**	24,760	**29,972**	57,456
NC+ and other industrial gas cost	**28,118**	27,098	**28,389**	363,100
Lubricant trading cost	**14,800**	210	**19,834**	1,161
Lease rent	**8,344**	4,244	**16,253**	12,020
Electricity	**3,572**	2,644	**11,152**	8,712
	2,423,219	2,475,801	**17,242,249**	12,680,314

24 COST OF SALES (continued)

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Cost of cylinders				
Opening stock	**11,252**	30,060	**11,252**	30,060
Purchases of new cylinder	**35,640**	66,288	**35,640**	66,288
Closing stock	**(9,270)**	(58,656)	**(9,270)**	(58,656)
	37,622	37,692	**37,622**	37,692

25 ADMINISTRATIVE EXPENSES

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Employee related costs	**156,145**	171,756	**438,515**	413,106
Directors' remuneration and sitting fees	**20,000**	12,500	**45,847**	39,876
Office related expenses	**42,551**	38,041	**116,407**	52,342
Depreciation	**27,514**	30,289	**47,828**	52,091
Professional charges	**19,812**	13,493	**90,444**	42,266
Business travel expenses	**5,063**	20,339	**17,248**	67,512
Telephone, telex, postage	**12,926**	9,184	**35,530**	31,090
General expenses	**20,815**	2,663	**33,422**	29,531
Rent	**9,192**	6,750	**27,523**	25,567
Allowances for impairment of debts	**(2,559)**	-	**(2,559)**	-
Marketing and publicity expenses	**5,522**	8,361	**44,574**	61,960
Repairs and maintenance	**3,974**	3,627	**4,442**	4,457
Donations	**-**	-	**-**	-
Printing and stationery	**1,290**	2,036	**4,120**	2,941
Advertisement	**700**	1,970	**820**	1,970
Transportation cost	**-**	-	**354,422**	374,855
Insurance	**-**	-	**22,348**	16,149
Withholding tax	**-**	-	**-**	-
	322,945	321,009	**1,280,931**	1,215,713

26 EMPLOYEE COSTS

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Disclosed as:				
Cost of sales	**324,856**	305,710	**508,162**	466,560
Administrative expenses	**156,145**	171,756	**438,515**	413,106
	481,001	477,466	**946,677**	879,666

27 OTHER INCOME

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Dividend income	**58,254**	54,934	**58,254**	57,665
Interest income	**1**	1	**4,151**	2
Bad debt recovery	**-**	1,536	**-**	1,536
Miscellaneous income	**3,197**	8,857	**(5,914)**	81,025
Profit on closure of subsidiary (note 6)	**-**	-	**-**	-
Profit on sale of property, plant and equipment	**21,115**	13,735	**21,115**	18,937
	82,567	79,063	**77,606**	159,165

28 INCOME TAX

The tax authorities in Oman follow the legal entity concept. There is no concept of group taxation in Oman. Accordingly each legal entity is taxable separately.

On 20 February 2017, a Royal Decree was enacted amending the applicable tax rate from 12% to 15%. For deferred tax asset /liability computation, the company has adopted an applicable tax rate of 12% being the rate applicable as of 31 December 2016. In accordance with the provisions of IAS 10, this event of tax rate amendment after the reporting date of 31 December 2016 is a non adjusting event, however the Parent Company is required to disclose the effect of such event on future reporting periods. Accordingly, management have computed the deferred tax liability on the temporary tax differences at the amended tax rates applicable from 1 January 2017 onwards and have determined the additional deferred tax liability to be RO 97,548 and RO 591,024 relating to future periods in the Parent Company and Group's financial statements respectively.

The tax rate applicable to all taxable entities of the Group ranges between from 12% to 24% (2015: 12% to 25%). For the purpose of determining the tax expense for the year, the accounting profit of each individual legal entity has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense.

29 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit of the Group and Parent Company for the half year attributable to the shareholders of the Parent Company, by the weighted average number of shares outstanding.

	Parent Company		***Group***	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Profit for the year ended (RO)	**115,481**	257,228	**500,488**	932,514
Weighted average number of shares outstanding during the year	**60,000,000**	60,000,000	**60,000,000**	60,000,000
Basic earnings per share (RO)	**0.002**	0.004	**0.008**	0.016

Earnings per share (basic and diluted) have been derived by dividing the profit for the Year attributable to the shareholders by the weighted average number of shares outstanding. As there are no dilutive potential shares, the diluted earnings per share is identical to the basic earnings per share.
For the purpose of earning per share calculation, the Parent Company has restated the previous year weighted average number of shares outstanding to include the bonus shares.

30 SEGMENT REPORTING

The Group's only significant business segment is the marketing and selling of LPG.

Geographic information

Revenues from external customers

	2017	*2016*
	RO	*RO*
Oman	**2,330,776**	2,058,467
Other GCC countries	**1,027,267**	978,234
Asia	**16,310,584**	12,649,015
	19,668,627	15,685,716

31 COMMITMENTS

	Parent Company		***Group***	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Capital commitments	**451,818**	589,226	**451,818**	589,226
Purchase commitments	**256,892**	214,527	**256,892**	214,527

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32 CONTINGENCIES AND COMMITMENTS

1) On 9 February 2016, the Primary Court (criminal panel) issued a judgment with respect to the alleged bribery case against certain key management personnel of the Parent Company. As per the judgment, the personnel have been considered guilty by the Primary Court. The Board of Directors in its meeting held on 15 February 2016 have terminated the services of the employees. The convicted employees had appealed in the Appeal court against the judgment of the Primary court. However, the Appeal Court also accused the employees guilty vide judgment dated 25 September 2016. The Parent Company based upon legal advise, does not foresee any liabilities/ punitive actions against the Parent Company on this account. Further, as the Parent Company does not expect any potential disallowances in respect of these payments for other regulatory purposes, accordingly, no related provisions or liability that may result have been included in these financial statements.

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

33 RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the group exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and is responsible for developing and monitoring the Group's risk management policies.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group does not require collateral in respect of financial assets. The Group seeks to control credit risk by monitoring credit exposures and continually assessing the creditworthiness of counter parties. Risk is considered minimal by the Group, as the payments are made by the customer as per contractual obligations. Credit risk on debtors is limited to their carrying values as the management regularly reviews these balances to assess recoverability and create provision for balances whose recoverability is in doubt.

(b) 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 approach to managing liquidity 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.

Parent Company	**Carrying amount**	**Less than one year**	**2 – 5 Years**
	RO	***RO***	***RO***
31 March 2017			
Trade creditors	**260,727**	**260,727**	**-**
Other payables	**129,398**	**129,398**	**-**
Accrued expenses	**963,770**	**963,770**	**-**
Term loans	**1,031,955**	**1,031,955**	**-**
Short term loan	**661,421**	**661,421**	**-**
Directors' remuneration	**114,100**	**114,100**	**-**
	3,161,371	**3,161,371**	**-**

33 RISK MANAGEMENT (Continued)

Parent Company	Carrying amount *RO*	Less than one year *RO*	2 – 5 Years *RO*
31 March 2016			
Trade creditors	128,431	128,431	-
Other payables	162,280	162,280	-
Accrued expenses	930,020	930,020	-
Term loans	1,300,000	1,200,000	100,000
Short term loan	-	-	-
Directors' remuneration	64,699	64,699	-
	2,585,430	2,485,430	100,000

Group

	Carrying amount ***RO***	***Less than one year*** ***RO***	***2 – 5 Years*** ***RO***
31 March 2017			
Trade creditors	**1,387,123**	**1,387,123**	**-**
Other payables	**1,635,781**	**1,635,781**	**-**
Accrued expenses	**2,609,063**	**2,609,063**	**-**
Term loans	**8,133,769**	**2,990,261**	**5,143,508**
Short term loan	**661,421**	**661,421**	**-**
Directors' remuneration	**114,100**	**114,100**	**-**
	14,541,257	**9,397,749**	**5,143,508**

Parent Company	Carrying amount *RO*	Less than one year *RO*	2 – 5 Years *RO*
31 March 2016			
Trade creditors	994,083	994,083	-
Other payables	843,799	843,799	-
Accrued expenses	2,414,251	2,414,251	-
Term loans	12,225,829	4,119,988	8,105,841
Short term loan	6,862,576	6,862,576	-
Directors' remuneration	64,699	64,699	-
Due to related parties	452,874	452,874	-
	23,858,110	15,752,269	8,105,841

33 RISK MANAGEMENT (Continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(d) Currency risk

The Group is exposed to foreign currency transactions mainly due to its subsidiary in Malaysia.

(e) Sovereign risk

The LPG is made available to the Company from five sources at different rates by the Ministry of Oil and Gas. Presently the Group is allocated more from the costlier source. Any further increase in allocation from the costlier source will adversely affect the profitability of the Group.

(f) Equity price risk

Equity price risk arises from available-for-sale equity securities. The Group has maintained the portfolio of available-for-sale securities listed at Muscat Securities Market. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

(g) Sensitivity analysis – equity price risk

The following table demonstrates the sensitivity of the Group's equity to a 5% change in the price of its equity holdings, assuming all other variables in particular foreign currency rates remain constant.

	Effect on equity 5% increase RO	**Effect on equity 5% decrease RO**
31 March 2017 Parent Company and Group		
Effect of 5% change in equity portfolio of the Group	**74,068**	**74,068**
31 March 2016 Parent Company and Group		
Effect of 5% change in equity portfolio of the Group	74,648	74,648

Interest rate risk

The Group is exposed to rate risk on its bank overdraft facility obtained at commercial rates of interest. Further, the Group has short-term bank deposit, which are interest bearing and exposed to changes in market interest rates. The group has term loans with variable interest rates.

34 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support future development of the business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. Group's capital mix comprises only the shareholder's equity. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the Year ended 31 December 2015 and 31 December 2016.

35 FAIR VALUE OF FINANCIAL INSTRUMENT

Financial assets consist of cash and bank balances, receivables, due from related parties and available-for-sale investments. Financial liabilities consist of bank overdrafts, loans and payables.

The fair value of financial assets and liabilities at the reporting date approximates their carrying amount in the statement of financial position.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Parent Company and Group

	2017 ***RO***	***Level 1*** ***RO***	***Level 2*** ***RO***	***Level 3*** ***RO***
Available-for-sale investments	**1,481,356**	**1,481,356**	**-**	**-**
Freehold land	**3,190,000**		**3,190,000**	**-**

	2016 *RO*	*Level 1* *RO*	*Level 2* *RO*	*Level 3* *RO*
Fair value of derivative liability	(887,955)		-	(887,955)
Available-for-sale investments	1,492,954	1,492,954	-	-
Freehold land	3,190,000		3,190,000	-

During the reporting period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

36 COMPARATIVE FIGURES

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