



OQ SAOC AND ITS SUBSIDIARIES

Condensed consolidated interim
financial statements

For the six months ended 30 June 2024



OQ SAOC AND ITS SUBSIDIARIES
Report and interim condensed consolidated financial statements
For the six months ended 30 June 2024

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements

To the Shareholder of OQ SAOC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of OQ SAOC ("the Company"), and its subsidiaries (together referred to as "the Group") as at 30 June 2024, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the condensed consolidated financial statements. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

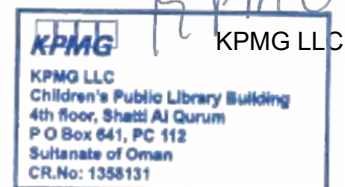
Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2024 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

24 September 2024



**Condensed consolidated statement of financial position
as at 30 June 2024**

		30 June 2024	31 December 2023
	Notes	RO'000	RO'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	3,840,873	4,304,615
Oil and gas production and development assets	7a	932,281	956,300
Exploration and evaluation assets	7b	4,404	6,675
Right-of-use assets	8	223,029	215,181
Intangible assets	9	9,485	40,964
Goodwill	10	3,683	12,203
Investment in associates	11	168,316	182,452
Interest in joint ventures	12	722,536	705,846
Deferred tax assets	42	37,155	17,514
Concession receivables	13	784,420	772,022
Lease receivables	14	211,199	223,792
Contract assets	15	230,208	241,191
Derivatives	21	15,906	36,167
Due from related parties	31	92,519	94,029
Other non-current assets	18	224,555	12,802
Total non-current assets		7,500,570	7,821,753
Current assets			
Inventories	19	756,082	770,391
Trade and other receivables	20	1,828,114	1,448,706
Concession receivables	13	31,474	29,729
Lease receivables	14	12,154	5,989
Due from related parties	31	213,719	235,209
Investments at fair value through profit and loss	16a	386	165
Derivatives	21	84,676	63,648
Short-term deposits	17	569,953	720,343
Cash and cash equivalents	22	1,344,265	1,654,789
Total current assets		4,840,823	4,928,969
Assets held for sale	16b	763,249	49,697
Total assets		13,104,642	12,800,419
EQUITY AND LIABILITIES			
EQUITY			
Share capital	23	3,556,447	3,556,447
Share capital pending registration	23	194	194
Statutory reserve	24	514,919	508,450
Other reserve	25	(132,706)	(132,706)
Hedge and fair value reserve	26	111,923	123,625
Translation reserve		(15,833)	(5,662)
Retained earnings		1,752,444	1,910,042
Equity attributable to equity holders of the parent		5,787,388	5,960,390
Non-controlling interests		421,302	432,060
Total equity		6,208,690	6,392,450
Non-current liabilities			
LIABILITIES			
Loans and borrowings	27	2,506,445	2,664,358
Lease liabilities	28	192,266	187,140
Employees' end-of-service benefits	29	39,631	61,960
Provisions	30	203,008	155,216
Due to related parties	31	9,242	9,242
Deferred tax liabilities	42	127,931	174,410
Other liabilities	32	14,793	19,669
Total non-current liabilities		3,093,316	3,271,996
Current liabilities			
Trade and other payables	33	1,296,228	1,082,249
Loans and borrowings	27	586,716	931,905
Lease liabilities	28	42,486	33,890
Derivatives	21	16,620	15,085
Due to related parties	31	1,195,347	942,377
Income tax	42	35,742	130,467
Total current liabilities		3,173,139	3,135,973
Liabilities held for sale	16b	629,497	-
Total liabilities		6,895,952	6,407,969
Total equity and liabilities		13,104,642	12,800,419

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on 24 September 2024.

Chairman

Board member

Group Chief Executive Officer

The accompanying notes form an integral part of these interim condensed consolidated financial statements

Condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2024

	Notes	June 2024 RO'000	June 2023 RO'000
Revenue	34	8,033,903	5,888,655
Cost of sales	35	(7,545,795)	(5,265,313)
Gross profit		488,108	623,342
Investment income	36	1,033	3,245
Share of results of equity accounted investments	37	11,160	54,153
Other income	38	27,511	17,926
Administrative expenses	39	(169,572)	(166,397)
Impairment losses charged – net	40	(5,624)	(915)
Operating profit		352,616	531,354
Finance income	41	65,116	52,725
Finance cost	41	(118,759)	(134,074)
Foreign exchange gains	41	4,008	3,113
Profit for the period before tax		302,981	453,118
Income tax expense	42	(28,472)	(28,351)
Profit from continuing operations		274,509	424,767
Loss from discontinued operation	16b	(24,164)	-
Profit for the period		250,345	424,767
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences relating to subsidiaries		(3,543)	199
Foreign currency translation differences on investment in associates	11	(6,628)	(5,241)
Share of other comprehensive income of joint ventures	26	2,710	(738)
Effective portion of changes in fair value of cash flow hedges	26	(14,412)	(24,421)
<i>Items not to be reclassified to profit or loss in subsequent periods</i>			
Transfer to defined benefit plan, actuarial losses	29	(388)	(2)
Other comprehensive income, net		(22,261)	(30,203)
Total comprehensive income for the period, net		228,084	394,564
Profit for the period attributable to:			
- Equity holders of the parent		230,759	420,412
- Non-controlling interests		19,586	4,355
Profit for the period		250,345	424,767
Total comprehensive income attributable to:			
- Equity holders of the parent		208,498	390,209
- Non-controlling interests		19,586	4,355
Total comprehensive income for the period		228,084	394,564
Earnings per share			
Basic and diluted earnings per share – Baisa	43	65	118

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**Condensed consolidated statement of changes in equity
for the six months ended 30 June 2024**

	-----Attributable to owners of the Parent Company-----							Total RO'000	Non- controlling interests RO'000	Total equity RO'000
	Share capital RO'000	Share capital pending registrati on RO'000	Statutory reserve RO'000	Other reserve RO'000	Hedge and fair value reserve RO'000	Translation reserve RO'000	Retained earnings RO'000			
At 1 January 2024	3,556,447	194	508,450	(132,706)	123,625	(5,662)	1,910,042	5,960,390	432,060	6,392,450
Profit for the period							230,759	230,759	19,586	250,345
<i>Other comprehensive income</i>										
Foreign currency translation differences	-	-	-	-	-	(10,171)	-	(10,171)	-	(10,171)
Changes in fair value of cash flow hedges	-	-	-	-	(14,412)	-	-	(14,412)	-	(14,412)
Share of other comprehensive income of joint ventures	-	-	-	-	2,710	-	-	2,710	-	2,710
Defined benefit plan actuarial gains, net of tax	-	-	-	-	-	-	(388)	(388)	-	(388)
Other comprehensive income	-	-	-	-	(11,702)	(10,171)	(388)	(22,261)	-	(22,261)
Total comprehensive income for the period	-	-	-	-	(11,702)	(10,171)	230,371	208,498	19,586	228,084
<i>Transactions with owners' directly recorded in equity</i>										
Dividend to shareholder (Note 23)	-	-	-	-	-	-	(381,500)	(381,500)	-	(381,500)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(30,344)	(30,344)
Transfer to legal reserve (Note 24)	-	-	6,469	-	-	-	(6,469)	-	-	-
At 30 June 2024	<u>3,556,447</u>	<u>194</u>	<u>514,919</u>	<u>(132,706)</u>	<u>111,923</u>	<u>(15,833)</u>	<u>1,752,444</u>	<u>5,787,388</u>	<u>421,302</u>	<u>6,208,690</u>

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Condensed consolidated statement of changes in equity for the six months period ended 30 June 2023

	-----Attributable to owners of the Parent Company-----									Total equity RO'000
	Share capital RO'000	Share capital pending registrati on RO'000	Statutory reserve RO'000	Other reserve RO'000	Hedge and fair value reserve RO'000	Translation reserve RO'000	Retained earnings RO'000	Total RO'000	Non- controlling interests RO'000	
At 1 January 2023	3,556,447	194	282,628	(79,327)	187,054	537	1,267,954	5,215,487	43,276	5,258,763
Profit for the period	-	-	-	-	-	-	420,412	420,412	4,355	424,767
<i>Other comprehensive income</i>										
Foreign currency translation differences	-	-	-	-	-	(5,042)	-	(5,042)	-	(5,042)
Changes in fair value of cash flow hedges	-	-	-	-	(24,421)	-	-	(24,421)	-	(24,421)
Share of other comprehensive income associates and joint ventures	-	-	-	-	(738)	-	-	(738)	-	(738)
Defined benefit plan actuarial gains, net of tax	-	-	-	-	-	-	(2)	(2)	-	(2)
Other comprehensive income	-	-	-	-	(25,159)	(5,042)	(2)	(30,203)	-	(30,203)
Total comprehensive income for the period	-	-	-	-	(25,159)	(5,042)	420,410	390,209	4,355	394,564
<i>Transactions with owners' directly recorded in equity</i>										
Dividend to shareholder (Note 23)	-	-	-	-	-	-	(128,038)	(128,038)	-	(128,038)
Hedging de-resignation loss	-	-	-	-	-	-	(8,745)	(8,745)	-	(8,745)
Divestments and liquidation (Note 2 ii, v and 25)	-	-	-	21,029	-	-	(6,538)	14,491	63,640	78,131
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(1,645)	(1,645)
Transfer to legal reserve (Note 24)	-	-	86,206	(44,168)	-	-	(42,038)	-	-	-
At 30 June 2023	<u>3,556,447</u>	<u>194</u>	<u>368,834</u>	<u>(102,466)</u>	<u>161,895</u>	<u>(4,505)</u>	<u>1,503,005</u>	<u>5,483,404</u>	<u>109,626</u>	<u>5,593,030</u>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024

Condensed consolidated statement of cash flows for the six months ended 30 June 2024

	Notes	2024 RO'000	2023 RO'000
Cash flows from operating activities			
Profit before tax		302,981	453,118
Adjustments for:			
Impairment losses charged – net	40	5,624	915
Share of results of equity accounted investees	37	(11,160)	(54,153)
Loss on sale of investments	36	4	-
Loss on disposal of property, plant and equipment	38	-	6
Depreciation and amortization	6	271,493	346,814
Accrual for end of service benefits	29	4,939	6,202
Provision for rich gas	30	21,946	15,803
Exploration and evaluation assets write off (Block 42)	7b	2,828	-
Provision for impairment on exploration and evaluation assets (Block 52)	7b	6,502	-
Unwinding of discount on provisions	41	3,894	3,587
Discounting of commitment to MEM	41	10,428	(5,919)
Finance cost	41	104,437	136,406
Finance income	41	(65,116)	(52,725)
Unrealized gain on investment / derivatives		20,817	(57,496)
		679,617	792,558
Changes in:			
Inventories		14,309	46,562
Trade and other receivables		(385,049)	311,086
Concession receivables		16,970	15,148
Lease receivables		5,814	5,485
Contract assets		(682)	6,098
Trade and other payables		248,092	(132,815)
Due from related parties		21,490	(38,205)
Due to related parties		252,970	(102,497)
Other movement in non-current assets and liabilities		(96,796)	4,514
Cash generated from operations		756,735	907,934
Employees' end of service benefits paid	29	(1,286)	(2,987)
Taxes paid		(120,736)	(14,888)
Net cash from operating activities		634,713	890,059
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(85,437)	(81,309)
Acquisition of oil and gas exploration and production assets	7	(135,302)	(153,892)
Additions in contract assets	15	(18,554)	(23,559)
Payment for exploration and evaluation assets	7b	(16,398)	(2,259)
Proceeds from disposal of property, plant and equipment		3,535	634
Proceeds from available for sale investments	16a	-	48,138
Proceeds from sale of investments		-	88,598
Investment in equity accounted investees	12	(55,435)	(196,401)
Dividend received from equity accounted investees	11&12	54,457	98,195
Net movement in term deposits	17	35,040	(132,836)
Proceeds on settlement of derivative instruments		37,588	-
Finance income received		27,528	52,960
Net cash generated used in investing activities		(152,978)	(301,731)

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

Condensed consolidated statement of cash flows for the six months ended 30 June 2024 (continued)

	Notes	2024 RO'000	2023 RO'000
Cash flows from financing activities			
Interest paid	41	(108,083)	(131,164)
Dividends paid to shareholder	23	(381,500)	(128,038)
Dividends paid to non-controlling interests		(30,344)	(1,645)
Proceeds from loan and borrowings	27	120,439	377,282
Repayments of loan and borrowings	27	(259,274)	(618,189)
Repayment of lease liabilities	28	(24,488)	(15,954)
Receipts / (Payments) to related parties		373	(2,341)
Net cash used in financing activities		(682,877)	(520,049)
Net change in cash and cash equivalents, including cash classified within current asset held for sale		(201,142)	68,279
Less: net change in cash classified within current asset held for sale		(99,211)	-
Net change in cash and cash equivalents		(300,353)	68,279
Translation adjustments		(10,171)	(3,252)
Cash and cash equivalents at the beginning of the period		1,654,789	985,359
Cash and cash equivalents at end of the period	22	1,344,265	1,050,386

The accompanying notes form an integral part of these interim condensed consolidated financial statement.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

1. Legal status and principal activities

OQ SAOC (“the Parent” or “the Parent Company”) is a closed joint stock company domiciled in the Sultanate of Oman. The interim condensed consolidated financial statements as at and for the six months period ended 30 June 2024 comprise the Parent Company and its subsidiaries (together referred to as “the Group” and individually as “Group entities”) and the Group’s interest in associates and joint ventures. The Parent Company is primarily involved in the business of identifying, acquiring, managing, operating interests in petroleum and other energy related enterprises and dealing in investments. The Group is primarily engaged in exploration, production, marketing and distribution of petroleum and petroleum by-products. The Group operates in the Sultanate of Oman, United Arab Emirates, India, Pakistan, Korea, China, Portugal, Spain, Netherlands, United Kingdom, Brazil, Japan, Singapore, Germany, United States of America, Mexico and Kazakhstan. The registered address of the Parent Company is P O Box 261, Postal Code 118, Sultanate of Oman.

The Parent company is wholly owned by the Oman investment Authority (OIA). The Group is ultimately owned by the Government of Sultanate of Oman.

The Parent company has debt securities listed on London Stock Exchange.

2. Group entities

The Group has the following investments in subsidiaries:

Company name	Notes	Country of incorporation	% holding June 2024	% holding December 2023
Oman Oil Marketing Company SAOG (OOMCO)		Sultanate of Oman	49%	49%
Oman Tank Terminal Company LLC (OTTCO)		Sultanate of Oman	100%	100%
Oman Gas International LLC		Cayman Island	-	100%
Duqm Petroleum Terminal Company LLC (DPTC)		Sultanate of Oman	100%	100%
Oman Oil (Budapest) Limited (OOBL)		Cayman Islands	100%	100%
Oman Oil Services Limited (OOSL)		Bermuda	100%	100%
Oman Oil Holdings Spain SL (OOHS)		Spain	100%	100%
Oman Pearls Company Limited (OPCL)	i	Cayman Islands	100%	100%
Oman Pearls Company Limited – UK	i	United Kingdom	100%	100%
Oman Oil (Upstream) Holdings Limited (OOUHL)		Cayman Islands	100%	100%
Oman Oil Company Limited (OOCL)		Bermuda	100%	100%
OQ Exploration and Production SAOC (OQEP)	ii	Sultanate of Oman	100%	100%
Abraj Energy Services SAOG		Sultanate of Oman	51%	51%
OQEP Holding Limited		Cayman Islands	100%	100%
Abutubul LLC		Sultanate of Oman	100%	100%
Musandam Gas Plant LLC		Sultanate of Oman	100%	100%
Makarim Gas Development LLC		Sultanate of Oman	100%	100%
Musandam Oil & Gas Company LLC		Sultanate of Oman	100%	100%
OQ Gas Networks SAOG (OQ GN)		Sultanate of Oman	51%	51%
Oman Energy Trading Company Limited (OETCL)		Bermuda	100%	100%
Oman Oil International Limited (OOIL)		Cayman Islands	100%	100%
OQ Trading LLC (OQT)		United Arab Emirates	100%	100%
Oman Oil Holding Europe B.V (OOHE)		Netherlands	100%	100%
Majan Energy B.V (OQ Chemicals Group, OQC)		Netherlands	100%	100%

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

2. Group entities (continued)

Company name	Country of incorporation	% holding	% holding
		June 2024	December 2023
Takamul Investment Company LLC (TIC)	Sultanate of Oman	100%	100%
Oman Aluminium Rolling Company LLC (OARC)	Sultanate of Oman	100%	100%
Takamul Holding Company Limited	Cayman Island	100%	100%
Sohar Sulphur Fertilizer LLC	Sultanate of Oman	68.75%	68.75%
Sohar Paper Cores LLC (SPC)	Sultanate of Oman	100%	100%
Oman Purified Isophthalic Acid Company LLC	Sultanate of Oman	100%	100%
Duqm Management & Services LLC	Sultanate of Oman	70%	70%
Takamul Holding Company Limited	Cayman Islands	100%	100%
OQ Refineries and Petroleum Industries LLC (OQ RPI)	Sultanate of Oman	100%	100%
OQ Refineries LLC	Sultanate of Oman	100%	100%
OQ Aromatics LLC	Sultanate of Oman	100%	100%
OQ Polymer LLC (formerly OQ Plastic)	Sultanate of Oman	100%	100%
OQ Depots LLC	Sultanate of Oman	100%	100%
OQ Marketing LLC	Sultanate of Oman	100%	100%
OQ Alternative Energy LLC (OQ AE) (formerly Oman Oil Duqm Development LLC)	Sultanate of Oman	100%	100%
Oman Energy Development Company SPC	Sultanate of Oman	100%	100%
Oman Oil Facilities Development Company LLC (OOFDC)	Sultanate of Oman	100%	100%
OQ LPG (SFZ) SPC	iii Sultanate of Oman	100%	100%
OQ Base Industries (SFZ) SAOC [formerly OQ Methanol (SFZ) LLC]	iii Sultanate of Oman	100%	100%
OQ Salalah Industries SAOC	Sultanate of Oman	100%	100%
Majis Industrial Services SAOC	Sultanate of Oman	100%	100%

i. The Group has the following material interests, all of which are located within the Sultanate of Oman.

Name	Participating Interest		Operator	Activity
	June 2024	December 2023		
Block 60	60%	60%	OQEP	Exploration and production
Block 48	60%	60%	OQEP	Exploration
Block 10	20%	20%	Shell Oman	Exploration
Block 9	45%	45%	Occidental	Exploration and production
Block 61	30%	30%	BP	Exploration and production
Block 65	49%	49%	Occidental	Exploration
Karim small fields-Block 6	25%	25%	Medco	Production service agreement
Rima small fields- Block 6	25%	25%	Petrogas	Production service agreement
Block 53	20%	20%	Occidental	Exploration and production
Block 62	20%	20%	Occidental	Exploration and production
Block 47	10%	10%	ENI	Exploration
Block 11	10%	10%	Shell Oman	Exploration
Block 52	15%	15%	ENI	Exploration

All interests of less than 100% are Joint Operations. OQEP also has interests in gas purchase and sale contracts relating to Dolphin field.

The Group has a 20% interest in the exploration rights and license for exploring for oil in an oilfield concession located in Dunga, Kazakhstan through OOCL, a 100% subsidiary of the Group.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

2. Group entities (continued)

I. Oman Pearls Company Limited (OPCL)

OPCL is in the process of liquidation and expected to be liquidated in 2024.

3. Basis of preparation

These interim condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2023 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

4. Change in accounting policy

Except as described below, the accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2023. The policy for recognizing and measuring income taxes in the interim period is consistent with that applied in the previous interim period and is described in Note 42 except for changes outline below.

The other amendments which apply for the first time in 2024 do not have any impact on interim condensed consolidated financial statements.

Applicable standards or amendments	Effective date
<ul style="list-style-type: none"> ▪ Classification of Liabilities as Current or Non-current (Amendments to IAS 1 Presentation of Financial Statements) 	1 January 2024
<ul style="list-style-type: none"> ▪ Lease Liabilities in a Sales and Leaseback (Amendments to IFRS16) 	1 January 2024
<ul style="list-style-type: none"> ▪ Supplier Finance Arrangements-to IAS 7 and IFRS 7 	1 January 2024

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

4. Change in accounting policy (continued)

The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2024.

Accounting standards issued but not yet effective

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed consolidated interim financial statements.

New standards or amendments	Effective date
<ul style="list-style-type: none"> ▪ Lack of Exchangeability (Amendments to IAS21) 	1 January 2025
<ul style="list-style-type: none"> ▪ Sales or Contribution of Assets between an Investor and its Associates or Joint venture (Amendments to IFRS10 and IAS28) 	Not applicable

5. Critical accounting judgements and key sources of estimation uncertainty

In preparing these interim condensed consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

a. Measurement of fair values

A number of the Group's accounting policies require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2024 (continued)****5. Critical accounting judgements and key sources of estimation uncertainty
(continued)****a. Measurement of fair values (continued)**

measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in Note 45.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

5. Critical accounting judgements and key sources of estimation uncertainty (continued)

b. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2024**

6. Property, plant and equipment

	Freehold land RO'000	Buildings RO'000	Furniture and office equipment RO'000	Plant, equipment and vehicles RO'000	Site restoration cost RO'000	Capital spare parts RO'000	Capital work-in- progress RO'000	Total RO'000
At 1 January 2023	408	570,414	87,012	6,904,339	30,712	8,842	480,076	8,081,803
Additions	-	6,811	1,610	143,390	-	90	142,609	294,510
Transfers (Note 9)	-	9,695	334	404,014	196	-	(408,378)	5,861
Disposals	-	(180)	(990)	(31,286)	-	-	(621)	(33,077)
Change in site restoration provision	-	(1,023)	-	(249)	1,807	-	-	535
Translation differences	-	2,334	248	11,586	-	-	643	14,811
At 31 December 2023	<u>408</u>	<u>588,051</u>	<u>88,214</u>	<u>7,431,794</u>	<u>32,715</u>	<u>8,932</u>	<u>214,329</u>	<u>8,364,443</u>
At 1 January 2024	408	588,051	88,214	7,431,794	32,715	8,932	214,329	8,364,443
Additions	-	22,257	243	7,435	-	-	55,502	85,437
Transfers (Note 9 & Note 13)	-	851	38	46,207	-	-	(48,091)	(995)
Disposals	-	(74)	(79)	(2,501)	-	-	(3,380)	(6,034)
Presented as held for sale (Note 16b)	-	(93,702)	(10,858)	(571,559)	-	-	(67,780)	(743,899)
Translation differences	-	(13)	(16)	(546)	-	-	(485)	(1,060)
At 30 June 2024	<u>408</u>	<u>517,370</u>	<u>77,542</u>	<u>6,910,830</u>	<u>32,715</u>	<u>8,932</u>	<u>150,095</u>	<u>7,697,892</u>

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2024 (continued)**

6. Property, plant and equipment (continued)

	Freehold land RO'000	Buildings RO'000	Furniture and office equipment RO'000	Plant, equipment and vehicles RO'000	Site restoration cost RO'000	Capital spare parts RO'000	Capital work-in- progress RO'000	Total RO'000
Accumulated depreciation and impairment								
At 1 January 2023	-	155,236	54,794	3,494,347	3,119	6,678	32,070	3,746,244
Charge for the year	-	20,407	4,177	293,953	935	376	-	319,848
Transfers	-	(22)	(273)	(110)	-	-	18	(387)
Impairment reversal	-	-	-	(236)	-	-	-	(236)
Disposals	-	(112)	(1,668)	(10,972)	-	-	-	(12,752)
Translation differences	-	448	167	6,496	-	-	-	7,111
At 31 December 2023	-	175,957	57,197	3,783,478	4,054	7,054	32,088	4,059,828
At 1 January 2024	-	175,957	57,197	3,783,478	4,054	7,054	32,088	4,059,828
Charge for the period	-	15,947	1,747	100,809	525	211	-	119,239
Impairment charge (ii)	-	-	-	43	-	-	-	43
Transfers (Note 13)	-	-	-	(102)	-	-	-	(102)
Disposals	-	(9)	(79)	(2,411)	-	-	-	(2,499)
Presented as held for sale (Note 16b)	-	(25,980)	(7,885)	(285,330)	-	-	-	(319,195)
Translation differences	-	(6)	(7)	(282)	-	-	-	(295)
At 30 June 2024	-	165,909	50,973	3,596,205	4,579	7,265	32,088	3,857,019
Net Book Value								
30 June 2024	408	351,461	26,569	3,314,625	28,136	1,667	118,007	3,840,873
31 December 2023	408	412,094	31,017	3,648,316	28,661	1,878	182,241	4,304,615

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024

6. Property, plant and equipment (continued)

(i) The depreciation and amortization charges for the period are as follows:

	June 2024 RO'000	June 2023 RO'000
Property, plant and equipment (Note 6)	119,239	133,730
Oil and gas producing assets (Note 7)	137,818	198,794
Right-of-use assets (Note 8)	25,612	15,508
Intangible assets (Note 9)	1,721	9,301
	<u>284,390</u>	<u>357,333</u>
<i>Allocated as follows:</i>		
<i>-Charged to the Profit and Loss:</i>		
Cost of sales (Note 35)	253,802	328,951
Administrative expenses (Note 39)	17,691	17,863
	<u>271,493</u>	<u>346,814</u>
-Capitalised in the cost of capital work in progress	12,897	10,519
	<u>284,390</u>	<u>357,333</u>

(ii) Break up of impairment charge for the period:

	June 2024 RO'000	June 2023 RO'000
OOMCO	43	-
Net impairment	<u>43</u>	<u>-</u>

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

7a. Oil and gas production and development assets

The details of the Group's share of oil exploration and production and development assets are as follow:

	OQEP (Mukhaizna Oil field, Abu Tubul, Makarim Block 9 etc.) RO'000	Dunga oil field RO'000	Total RO'000
Cost			
At 1 January 2023	3,606,350	121,183	3,727,533
Additions	238,757	-	238,757
Disposal	-	(7,000)	(7,000)
Change in decommissioning provision	20,917	-	20,917
Divestment of Block 60 (Note 36.1)	(486,422)	-	(486,422)
At January 2024	3,379,602	114,183	3,493,785
Additions	131,369	3,933	135,302
Reversal of AL Muzn assets (i)	(36,782)	-	(36,782)
Change in decommissioning provision	11,586	-	11,586
Translation differences	3,152	-	3,152
At 30 June 2024	3,488,927	118,116	3,607,043
Accumulated depreciation and impairment			
At 1 January 2023	2,473,052	80,186	2,553,238
Charge for the year	319,797	5,611	325,408
Divestment of Block 60 (Note 36.1)	(341,159)	-	(341,159)
At 1 January 2024	2,451,690	85,797	2,537,487
Charge for the period	137,818	-	137,818
Reversal of AL Muzn depreciation (i)	(2,488)	-	(2,488)
Translation differences	1,947	(2)	1,945
At 30 June 2024	2,588,967	85,795	2,674,762
Net book value			
At 30 June 2024	899,960	32,321	932,281
At 31 December 2023	927,912	28,388	956,300

The reversal pertains to the AL Muzn assets due to change in accounting treatment from joint operations to joint venture.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

7b. Exploration and evaluation (E&E) assets

	Exploration assets OQEP (i) RO'000
As at 1 January 2023	12,947
Additions	1,179
Divestment of Block 48 (Note 36.1)	(7,451)
At 1 January 2024	6,675
Additions	7,068
Asset written off of Block 42	(2,828)
Provision for impairment against Block 52 assets	(6,502)
Translation differences	(9)
At 30 June 2024	4,404

The exploration and evaluation assets (E&E) closing balance mainly pertains to Blocks 47 and 48 which are under exploration stage and accounted as per requirements of IFRS 6.

8. Right-of-use assets

The Group leases mainly comprise leasehold lands, plant and machineries, equipment and vehicles. Information about leases for which the Group is a lessee is presented below:

Set out below are the carrying amounts of right-of-use assets recognized and movement during the period:

	Land and buildings RO'000	Plant and equipment RO'000	Vehicles RO'000	Total RO'000
At 1 January 2023	136,573	40,249	6,397	183,219
Additions	21,563	105,001	3,351	129,915
Translation differences	(75)	112	3	41
Modification	607	-	-	607
Depreciation expense	(13,042)	(57,603)	(4,015)	(74,660)
B60 Divestment (Note 36.1)	-	(23,499)	-	(23,499)
Termination	-	(408)	(34)	(442)
At 1 January 2024	145,626	63,852	5,702	215,181
Additions	8,577	19,000	7,641	35,218
Translation differences	(16)	(88)	(7)	(111)
Reclassifications	-	(9,744)	9,744	-
Modification	-	11,549	-	11,549
Depreciation expense	(6,677)	(12,796)	(6,139)	(25,612)
Termination / Disposal	(4,054)	(8,941)	(200)	(13,195)
At 30 June 2024	143,456	62,832	16,741	223,029

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

9. Intangible assets

	ERP and software	Subsoil rights	Technology, customer relationship, trademarks, patents, and other intangible assets	Total
Cost	RO'000	RO'000	RO'000	RO'000
At 1 January 2023	26,601	1,411	233,063	261,075
Additions	1,687	-	14	1,701
Adjustments	-	99	286	385
Transfers	(6,116)	-	255	(5,861)
Written off	(1,341)	-	(274)	(1,615)
Translation differences	188	-	8,161	8,349
At 1 January 2024	21,019	1,510	241,505	264,034
Presented as held for sale (Note 16b)	(5,719)	-	(222,462)	(228,181)
Translation differences	-	2	-	2
At 30 June 2024	15,300	1,512	19,043	35,855
Accumulated amortization	RO'000	RO'000	RO'000	RO'000
At 1 January 2023	18,546	1,230	179,273	199,049
Charge for the year	1,147	-	17,205	18,352
Disposal	(1,329)	-	-	(1,329)
Translation differences	188	-	6,810	6,998
At 1 January 2024	18,552	1,230	203,288	223,070
Charge for the period	527	11	1,183	1,721
Presented as held for sale (Note 16b)	(5,045)	-	(193,376)	(198,421)
At 30 June 2024	14,034	1,241	11,095	26,370
Net book value				
At 30 June 2024	1,266	271	7,948	9,485
At 31 December 2023	2,467	282	38,217	40,964

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

10. Goodwill

	OQ		Total RO'000
	Chemicals RO'000	OOMCO RO'000	
Cost			
At 1 January 2023	247,043	3,683	250,726
Translation differences	(6,221)	-	(6,221)
At 31 December 2023 / 1 January 2024	240,822	3,683	244,505
Translation differences	8,336	-	8,336
Presented as held for sale (Note 16b)	(249,158)	-	(249,158)
At 30 June 2024	-	3,683	3,683
Impairment and translation differences			
At 1 January 2023	238,845	-	238,845
Translation differences	(6,543)	-	(6,543)
At 31 December 2023 / 1 January 2024	232,302	-	232,302
Translation differences	8,587	-	8,587
Presented as held for sale (Note 16b)	(240,889)	-	(240,889)
At 30 June 2024	-	-	-
Net book value			
At 30 June 2024	-	3,683	3,683
At 31 December 2023	8,520	3,683	12,203

As at 30 June 2024, there were no indicators of impairment of oil producing assets and gas properties in property, plant and equipment except for OQ Chemicals assets which are now classified as held for sale. Impairment test was performed revealing no impairment.

11. Investment in associates

The movement in carrying value of investment in associates is as follows:

	June 2024 RO'000	December 2023 RO'000
At 1 January	182,452	234,763
Investment during the period / year	518	51
Reclassification to disposal group	-	(49,382)
Share of results (Note 37)	11,863	33,206
Dividends received	(13,705)	(30,875)
Translation differences	(6,628)	(672)
Provision for impairment on associates	-	(3,878)
Reclassification to other non-current assets	(6,184)	-
Share of other comprehensive income (loss) of associates	-	(761)
At 30 June 2024 / 31 December 2023	168,316	182,452

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2024 (continued)**
12. Interest in joint ventures

The movement in carrying value of investment in joint ventures is as follows:

	June 2024 RO'000	December 2023 RO'000
At 1 January	705,846	470,115
Investments during the period / year	55,435	333,248
Dividends received	(40,752)	(127,396)
Share of results (Note 37)	(703)	42,616
Share of changes in other comprehensive (loss) / income	2,710	(12,718)
Translation differences	-	(20)
At 30 June 2024 / 31 December 2023	722,536	705,846

13. Concession receivables

	June 2024 RO'000	December 2023 RO'000
At 1 January	801,751	815,071
Acquisition during the year	-	16,828
Transferred from contract assets (Note 15)	30,219	4,174
Transferred to investment property	893	(3,900)
Finance income during the year	29,378	57,871
Adjustment of penalties	-	(1,448)
Billed during the year	(46,347)	(86,845)
At 30 June 2024 / 31 December 2023	815,894	801,751
Current / non-current		
Non-current portion	784,420	772,022
Current portion	31,474	29,729
	815,894	801,751

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

14. Lease receivables

	June 2024 RO'000	June 2023 RO'000
Lease income		
Finance income on the net investment in lease	<u>10,755</u>	<u>11,265</u>

The net investment in the lease constitutes the cost of construction of the underlying assets.

	June 2024 RO'000	December 2023 RO'000
Net investment in lease		
At 1 January	229,781	240,623
Repayments	(5,814)	(10,842)
Presented as held for sale (Note 16b)	(257)	-
Translation differences	(357)	-
At 30 June 2024 / 31 December 2023	<u>223,353</u>	<u>229,781</u>

	June 2024 RO'000	December 2023 RO'000
Presented as		
Non-current portion	211,199	223,792
Current portion	<u>12,154</u>	<u>5,989</u>
	<u>223,353</u>	<u>229,781</u>

15. Contract assets

	June 2024 RO'000			December 2023 RO'000		
	Due from MEM	Others	Total	Due from MEM	Others	Total
At 1 January	240,291	900	241,191	182,290	1,802	184,092
Transferred to concession receivables (Note 13)	(30,219)	-	(30,219)	(4,174)	-	(4,174)
Additions during the period / year	18,554	-	18,554	59,621	-	59,621
Finance income during the period / year	8,381	-	8,381	14,860	-	14,860
Invoiced and transferred to related party	-	-	-	1,136	(902)	234
Received during the period / year	(7,699)	-	(7,699)	(13,442)	-	(13,442)
At 30 June 2024 / 31 December 2023	<u>229,308</u>	<u>900</u>	<u>230,208</u>	<u>240,291</u>	<u>900</u>	<u>241,191</u>

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

16a. Investments at fair value through profit and loss

	June 2024 RO'000	December 2023 RO'000
Unquoted investments	<u>6,012</u>	<u>5,791</u>
Impairment provision	<u>(5,626)</u>	<u>(5,626)</u>
	<u>386</u>	<u>165</u>

The Group has not recognized any additional impairment on its unquoted investments during the period ended 30 June 2024.

16b. Assets and liabilities held for sale

	<u>OQ Chemicals</u>		<u>UTICO</u>		<u>Muscat Gas</u>		<u>Total</u>	
	June 2024	December 2023	June 2024	December 2023	June 2024	December 2023	June 2024	December 2023
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Assets held for sale								
Fair value (i)	-	-	49,380	49,380	-	-	49,380	49,380
Book value	-	-	-	-	317	317	317	317
Property, plant and equipment	418,737	-	-	-	-	-	418,737	-
Inventories	114,430	-	-	-	-	-	114,430	-
Trade and other receivables	89,517	-	-	-	-	-	89,517	-
Others	90,868	-	-	-	-	-	90,868	-
Total	<u>713,552</u>	<u>-</u>	<u>49,380</u>	<u>49,380</u>	<u>317</u>	<u>317</u>	<u>763,249</u>	<u>49,697</u>
Liabilities held for sale								
Loans and borrowings	362,097	-	-	-	-	-	362,097	-
Trade and other payables	152,661	-	-	-	-	-	152,661	-
Deferred tax liabilities	69,226	-	-	-	-	-	69,226	-
Others	45,513	-	-	-	-	-	45,513	-
Total	<u>629,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>629,497</u>	<u>-</u>

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

16b. Assets and liabilities held for sale (continued)

- i. The fair value of UTICO, less costs to sell, continues to be in line with their carrying amount, and no impairment loss has been recognized. The assets are expected to be sold within the next 12 months, and there are no significant changes in the terms or conditions affecting the sale.
- ii. Following the decision of OQ Board to not to further invest in OQ Chemicals, the management has considered and reviewed the criteria of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. In order to conclude OQ Chemicals qualifies as 'Held for Sale' and its carrying amount will be recovered principally through sale transaction rather than continuing use, the following two conditions set by the standard were analyzed and considered to be met:
 - The asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets.
 - Sale must be highly probable.

The application of IFRS 5 has resulted in presentation of OQ Chemicals total assets and total liabilities as a separate line item in the condensed consolidated statement of financial position. As OQ Group continues to consolidate OQ Chemicals, the equity of OQ Chemicals will continue to be presented as part of OQ Group equity until the sale transaction is finalized.

Amount recognized in consolidated statement of profit and loss account presented as loss discontinued operation for OQ Chemicals as follows:

	June 2024 RO'000
Revenue	255,490
Intra-company transaction	5,414
Expenses	<u>(288,184)</u>
Loss before tax	(27,280)
Income tax	<u>3,116</u>
Loss from discontinued operation	<u><u>(24,164)</u></u>

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

17. Short term deposits

	June 2024 RO'000	December 2023 RO'000
Short-term deposits	447,403	720,343
Restricted assets – short-term deposits (i)	<u>122,550</u>	<u>-</u>
	<u>569,953</u>	<u>720,343</u>

Deposits less than one year are denominated in US Dollars and Rial Omani and are held with commercial banks. They carry interest at effective annual rates ranging between 2.33% to 6.00% (2023: 2.33% to 6.20%), with maturities ranging from one to twelve months from the reporting date. Interest on deposits accrues on a monthly basis.

Term deposits are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. The short-term deposits are entered into with bank, which are rated A- to B+, based on reputable credit rating agencies. Accordingly, the management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. Considering the historical default experience and the current credit ratings of the bank, the management of the Group has assessed that there is no significant expected credit loss.

- i. The OQ RPI holds restricted cash balances amounting to RO 122.6 million classified under short-term deposits. These balances are restricted due to specific usage as instructed by the ministry to funding for fuel reserve project. This restricted cash is not available for general operational purposes.

18. Other non-current assets

	June 2024 RO'000	December 2023 RO'000
Staff benefits & staff housing loans	1,329	1,411
Deferred expenditure	1,790	2,770
Long term loans to external parties (i)	51,600	-
Restricted assets – long-term deposits (ii)	115,350	-
Others	<u>54,487</u>	<u>8,621</u>
	<u>224,555</u>	<u>12,802</u>

- i. The long-term loan to external parties is provided by OQ Trading to Oando Trading DMCC and bears the interest rate of 3m SOFR+6.25% per annum payable quarterly. The loan matures on 29th December 2028. The carrying amount is adjusted for any loss allowance for expected credit losses (ECL).
- ii. The OQ Polymer holds restricted cash balances amounting to RO 115.4 million classified under long-term deposits. These balances are restricted due to Debt Service Reserve Account related to external borrowing arrangements. This restricted cash is not available for general operational purposes.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2024 (continued)**
19. Inventories

	June 2024 RO'000	December 2023 RO'000
Finished goods	429,863	372,709
Raw materials and work-in-progress	150,486	219,574
Stores and spares	180,340	182,451
	<u>760,689</u>	<u>774,734</u>
Allowance for slow-moving and obsolescence inventories	(4,607)	(4,343)
	<u>756,082</u>	<u>770,391</u>
Movement in allowance for slow-moving and obsolescence:		
At 1 January	4,343	3,455
Net charge during the period / year	264	888
At 30 June 2024 / 31 December 2023	<u>4,607</u>	<u>4,343</u>

20. Trade and other receivables

	June 2024 RO'000	December 2023 RO'000
Trade receivables	1,313,710	1,198,305
Less: allowance for expected credit losses	(19,391)	(19,903)
	<u>1,294,319</u>	<u>1,178,402</u>
Other receivables	498,661	245,118
Advances to suppliers	8,041	7,301
Advances to employees	213	867
Prepaid expenses	26,880	17,018
	<u>1,828,114</u>	<u>1,448,706</u>

The movement in allowance for expected credit losses is as follows:

	June 2024 RO'000	December 2023 RO'000
At 1 January	19,903	14,154
(Reversal) / Allowance recognized as impairment expense	(512)	5,749
At 30 June 2024 / 31 December 2023	<u>19,391</u>	<u>19,903</u>

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

21. Derivatives

	Derivatives assets		Derivatives liabilities	
	June 2024 RO'000	December 2023 RO'000	June 2024 RO'000	December 2023 RO'000
Derivatives held for trading	38,479	15,905	16,515	14,980
Cash flow hedges	62,103	83,910	105	106
	100,582	99,815	16,620	15,086
Less: current portion	84,676	63,648	16,620	15,086
Non-current portion	15,906	36,167	-	-

22. Cash and cash equivalents

	June 2024 RO'000	December 2023 RO'000
Bank balances (current and call accounts)	1,343,666	1,654,704
Cash balance	599	85
	1,344,265	1,654,789

The interest rate on call accounts and fixed deposits ranges from 0.01% to 6.00% (30 June 2023: 0.01%-5.6%).

23. Share capital

	Authorised		Issued and paid up	
	June 2024 RO'000	December 2023 RO'000	June 2024 RO'000	December 2023 RO'000
Ordinary shares of RO 1 each	5,000,000	5,000,000	3,556,447	3,556,447

During the period, the Group declared and paid dividend RO 381.5 million to OIA.

24. Statutory reserve

Article 132 of the Commercial Companies Law of 2019 requires that 10% of a company's net profit to be transferred to a non-distributable legal reserve until the amount of the legal reserve becomes equal to one-third of the Parent Company's fully-paid share capital. Accordingly, during the period ended 30 June 2024 RO 6.5 million (30 June 2023: RO 86.2 million) of the Parent Company's annual profit was transferred to the legal reserve. The reserve is not available for distribution.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

25. Other reserve

No movement in other reserve is observed during the period.

26. Hedge and fair value reserves

Movement in the reserve during the period is as follows:

	Hedging reserve RO'000	Share of other comprehensive income of associates and joint ventures RO'000	Total RO'000
At 1 January 2023	115,787	71,267	187,054
Fair values movement in hedges	(49,950)	-	(49,950)
Share of OCI of joint ventures and associates	-	(13,479)	(13,479)
At 31 December 2023 / 1 January 2024	65,837	57,788	123,625
Fair values movement in hedges-net of tax	(14,412)	-	(14,412)
Share of OCI of joint ventures	-	2,710	2,710
At 30 June 2024	51,425	60,498	111,923

27. Loans and borrowings

The following Group entities have availed loans and borrowings which are detailed below:

	June 2024 RO'000	December 2023 RO'000
The Parent Company	310,378	309,608
OQ Exploration and Production SAOC (OQEP)	126,140	174,062
Oman Oil Holding Europe B.V (i)	-	368,705
OQ Trading Limited	250,235	189,867
OQ Base Industries (SFZ) SAOC	167,289	180,427
Takamul Investment Company SAOC	105,906	101,077
OQ Gas Network SAOC	359,705	329,468
OQ Refineries and Petroleum Industries L.L.C (ii)	1,417,872	1,571,993
Oman Oil Facilities Development Company LLC	182,932	192,028
Oman Tank Terminal Company LLC	121,256	126,248
Majis Industrial Services	28,664	31,747
Oman Oil Marketing Company SAOG	22,784	21,033
	3,093,161	3,596,263
Less: current portion	(586,716)	(931,905)
Non-current portion	2,506,445	2,664,358

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

27. Loans and borrowings (continued)

(i) During the period, OQ Chemicals a subsidiary of Oman Oil Holding Europe B.V, has been classified as held for sale (Note 16b).

(ii) As of June 2024, OQ RPI repaid Term Loan of RO 76.9 million in addition to normally loan repayment schedule.

As of June 2024, there have been no breaches of covenants, and all financial obligations have been met in accordance with the terms stipulated in the agreements.

As of 30 June 2024, carrying value of term loans include un-amortized deferred finance cost amounting to RO 62.69 million (31 December 2023, RO 67.82 million).

28. Lease liabilities

	June 2024 RO'000	December 2023 RO'000
At 1 January	221,030	196,998
Addition during the period / year	34,952	63,304
Interest charged	6,522	10,417
Divestment- Reversal of liability booked (Note 36.1)	-	(15,778)
Presented as held for sale (Note 16b)	(12,978)	-
Terminations	(1,433)	-
Modification	11,624	731
Translation differences	(477)	410
Payment of lease liabilities	(24,488)	(35,052)
At 30 June 2024 / 31 December 2023	234,752	221,030
<i>Analyzed as:</i>		
Non-current	192,266	187,140
Current	42,486	33,890
	234,752	221,030

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2024 (continued)**
29. Employees' end-of-service benefits

	June 2024 RO'000	December 2023 RO'000
At 1 January	61,960	53,058
Accrued during the year	4,939	12,023
Net actuarial (gain) and loss	431	(789)
Translation differences	(7)	840
End-of-service benefits paid	(1,286)	(3,172)
Presented as held for sale (Note 16b)	(25,871)	-
Excess provisions	(535)	-
At 30 June 2024 / 31 December 2023	39,631	61,960

30. Provisions

	Site restoration RO'000	Provision for rich gas RO'000	Total RO'000
At 1 January 2023	90,626	34,560	125,186
Additions	24,498	27,822	52,320
Divestment of Block 60 (Note 36.1)	(21,833)	-	(21,833)
Unwinding of commitment to MEM	-	(7,661)	(7,661)
Unwinding of discount	7,204	-	7,204
At 1 January 2024	100,495	54,721	155,216
Additions	11,604	21,946	33,550
Discounting of commitment to MEM (note 41)	-	10,428	10,428
Unwinding of discount (note 41)	3,894	-	3,894
Translation differences	(80)	-	(80)
At 30 June 2024	115,913	87,095	203,008

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2024 (continued)**
31. Related party transactions and balances

Related parties represent associated companies, shareholder, directors and key management personnel of the Group, and companies over which they are able to exert significant influence. Pricing policies and terms of these transactions are approved by the Group's Management. The aggregate value of transaction with related parties is as follows:

	June 2024 RO'000	June 2023 RO'000
<i>Purchases of goods and services</i>		
- OIA and its' affiliates	2,826,486	2,237,572
- Associates and joint ventures	1,357,261	50,338
- Other common control entities	465	135,144
	<hr/>	<hr/>
<i>Sale of goods and services</i>		
- OIA and its' affiliates	77,157	73,470
- Associates and joint ventures	433,017	69,445
- Other common control entities	45,597	6,568
	<hr/>	<hr/>
Board sitting fee	82	78
Directors' remuneration	459	325
	<hr/> <hr/>	<hr/> <hr/>

The remuneration of key management personnel of the Group is as follows:

	June 2024 RO '000	June 2023 RO '000
Short-term benefits	5,899	1,329
Employees' end of service benefits	437	110
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2024 (continued)**
31. Related party transactions and balances (continued)

	June 2024 RO '000	December 2023 RO '000
<i>Amount due from related parties – non-current</i>		
Associates and joint ventures	100,966	101,339
Allowance for credit loss	(8,447)	(7,310)
	<u>92,519</u>	<u>94,029</u>
<i>Amount due from related parties –current</i>		
OIA and its' affiliates	42,063	136,712
Associates and joint ventures	169,870	96,084
Other under common control	1,786	2,413
	<u>213,719</u>	<u>235,209</u>
<i>Amount due to related parties – current</i>		
OIA and its' affiliates	1,075,776	699,506
Associates and joint venture	118,544	241,571
Other common control entities	1,027	1,300
	<u>1,195,347</u>	<u>942,377</u>
<i>Amount due to related parties – non-current</i>		
OIA and its' affiliates	<u>9,242</u>	<u>9,242</u>

OIA and its' affiliates include Ministry of Finance and Ministry of Energy and Minerals.

In accordance with IAS 24 "Related Party Disclosures", the OQ Group has chosen to avail partial exemption under IAS 24 available to government entities, including the Oman Investment Authority (OIA) and other entities controlled, jointly controlled, or significantly influenced by the Government of Oman. All individually significant transactions and balances are disclosed in the notes above. However, OQ Group has opted to provide qualitative disclosures for transactions that are individually or collectively significant. These transactions and balances include the procurement of utilities such as electricity, internet, and telecommunications, as well as employee-related transactions such as contributions made to PASI.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2024 (continued)**
32. Other liabilities – non-current

	June 2024 RO'000	December 2023 RO'000
Deferred payment obligation	-	1,540
Deferred income	14,725	12,986
Other payables	68	5,143
	<u>14,793</u>	<u>19,669</u>

33. Trade and other payables

	June 2024 RO'000	December 2023 RO'000
Trade payables	227,532	294,387
Accrued expenses	633,797	534,915
Other payable	434,899	252,947
	<u>1,296,228</u>	<u>1,082,249</u>

34. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines.

	June 2024 RO'000	June 2023 RO'000
<i>Products transferred at a point in time</i>		
Sale of petroleum products	7,776,108	5,342,988
Sale of chemical products	-	296,384
Sale of aluminum products	63,608	62,818
Others	2,587	5,420
<i>Products and services transferred over a period of time</i>		
Construction related revenue	79,840	73,539
Services	87,833	100,570
Others	23,927	6,936
	<u>8,033,903</u>	<u>5,888,655</u>

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

34. Revenue (continued)

The geographic information analyses the Group's revenue is as follows:

	Domestic		Foreign	
	June 2024 RO'000	June 2023 RO'000	June 2024 RO'000	June 2023 RO'000
Revenue	1,465,571	1,395,692	6,568,332	4,492,963
			June 2024 RO'000	June 2023 RO'000
Europe			587,222	359,538
NAFTA (North American Free Trade Agreement)			329,599	395,975
APAC (Asia-Pacific)			3,915,505	2,963,872
SAM (South American)			12,428	11,080
Middle east			2,740,308	1,839,173
Rest of the world			448,841	319,017
			8,033,903	5,888,655

Increase in revenue was mainly driven by increase in volume and crude oil prices of downstream.

35. Cost of sales

	June 2024 RO'000	June 2023 RO'000
Cost of materials	7,081,110	4,672,162
Salaries and wages (Note 39)	87,897	81,769
Depreciation charged (Note 6)	253,802	328,951
Other overheads	122,986	182,431
	7,545,795	5,265,313

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

36. Investment income

	June 2024 RO'000	June 2023 RO'000
Dividend income on investments	815	3,245
Net loss on disposal of financial assts	(4)	-
Changes in fair value of investment	222	-
	<u>1,033</u>	<u>3,245</u>

36.1 Farm-out transaction

During 2023, the OQ EP has entered into a farm out agreement dated 22 August 2023 to divest its 40% working interest ("WI") in Block 60 and Block 48 against a total consideration amounting to RO 444.6 million for Block 60 and RO 11.5 million for Block 48. The Government approved the Block 48 agreement effective from 1st January 2023 vide Royal Decree 85/2023 and for Block 60 vide Royal Decree 86/2023.

	Block 60 (i) RO'000	Block 48 (ii) RO'000	Total RO'000
Cash consideration	400,765	11,504	412,269
Deferred consideration	43,813	-	43,813
Total consideration	<u>444,578</u>	<u>11,504</u>	<u>456,082</u>
Less:			
Working capital and other adjustments as per agreements	(27,216)	-	(27,216)
Transaction cost (assignment bonus to MEM)	(11,553)	(578)	(12,131)
Carrying value of the B60 (Note 7a) /B48 (Note 7b)	(145,263)	(7,451)	(152,714)
Carrying value of site restoration obligation	21,833	-	21,833
Carrying value of right of use asset (Note 8)	(23,499)	-	(23,499)
Carrying value of lease liability (Note 28)	15,778	-	15,778
	<u>(169,920)</u>	<u>(8,029)</u>	<u>(177,949)</u>
Gain on divestment (B60)/Other reserve (B48)	<u>274,658</u>	<u>3,475</u>	<u>278,133</u>

- i. The Group derecognized carrying value of Block 60 and related working capital adjustment, and then recognized gain amounting to RO 274.7 million (USD 713 million) in the statement of profit or loss.
- ii. The Group derecognized carrying amount to the extent of zero and recognized remaining cash reserved as other reserve in the equity.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2024 (continued)**
37. Share of result of equity accounted investments

	June 2024 RO'000	June 2023 RO'000
Share of results of associates (Note 11)	11,863	26,496
Share of results of joint ventures (Note 12)	(703)	27,657
	<u>11,160</u>	<u>54,153</u>

38. Other income / (expenses) - net

	June 2024 RO'000	June 2023 RO'000
Lease income (Note 14)	10,755	11,265
Loss on disposal of fixed assets	-	(6)
Other operating income	16,756	6,667
	<u>27,511</u>	<u>17,926</u>

39. Administrative expenses

	June 2024 RO'000	June 2023 RO'000
Staff related expenses	75,047	70,811
Selling and distribution expenses	7,868	15,637
Depreciation and amortization (Note 6)	17,691	17,863
IT and communication expenses	14,676	12,740
Insurance	9,237	9,092
Professional fees*	3,496	5,287
Office expense	9,790	8,028
Travelling expenses	1,735	2,787
Research and development	-	1,272
Corporate social responsibility expenses	1,509	636
Exploration expenditure, including write offs	-	209
Other administration expenses	28,523	22,035
	<u>169,572</u>	<u>166,397</u>

*This includes remuneration paid to auditors' for the six month period ended 30 June 2024, which amounts to RO 213,000 (2023: RO 91,000) for audit services and RO 56,787 (2023: RO 19,700) for non-assurance services which is VAT and related services.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

39. Administrative expenses (continued)

Staff related expenses of the Group included in cost of goods sold and administrative expenses comprise the following:

	June 2024 RO'000	June 2023 RO'000
Wages and salaries	142,535	129,682
Performance bonus	5,412	4,945
Contributions to defined contribution scheme	4,931	6,170
Other	10,066	11,783
	<u>162,944</u>	<u>152,580</u>

40. Impairment losses charged – net

	June 2024 RO'000	June 2023 RO'000
Allowance for expected credit loss on trade receivables	5,641	864
Impairment charge on inventories	-	51
Write off non-financial assets	(45)	-
Write off others	28	-
	<u>5,624</u>	<u>915</u>

41. Net finance cost

	June 2024 RO'000	June 2023 RO'000
<i>Finance income</i>		
Interest income	<u>65,116</u>	<u>52,725</u>
<i>Finance expense</i>		
Interest expense on borrowings	98,825	129,843
Unwinding of discount on site restoration costs (Note 30)	3,894	3,587
Discounting of commitment to MEM (Note 30)	10,428	(5,919)
Interest on lease liabilities	4,552	4,404
Other finance charges	1,060	2,159
	<u>118,759</u>	<u>134,074</u>
<i>Foreign exchange / gains – net</i>		
Realised exchange gains / (losses)	4,139	(257)
Unrealised exchange (losses) / gains	(131)	3,370
	<u>4,008</u>	<u>3,113</u>
Net finance cost	<u>49,635</u>	<u>78,236</u>

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

42. Income tax

Income tax expense is recognised at an amount determined by multiplying the profit or loss before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim condensed consolidated interim financial information may differ from management's estimate of the effective tax rate for the annual financial statements.

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2024 is 8% (six months ended 30 June 2023: 6%). The change in effective tax rate was mainly caused by the reduction in the share of profit from equity accounted investments and reduction in tax exempt incomes.

	June 2024 RO'000	December 2023 RO'000
Current liabilities		
Current year	27,152	125,866
Prior year	8,590	4,601
	<u>35,742</u>	<u>130,467</u>
Movement in net deferred tax (liabilities) / assets		
At 1 January	(156,896)	(151,290)
Presented as held for sale (Note 16b)	73,070	-
Movement during the period / year (statement of profit or loss)	(6,950)	(18,956)
Movement during the period / year (statement of other comprehensive income)	-	13,349
At 30 June 2024 / 31 December 2023	<u>(90,776)</u>	<u>(156,896)</u>

This is presented in the consolidated statement of financial position as follows:

Deferred tax assets	37,155	17,514
Deferred tax liabilities	(127,931)	(174,410)
	<u>(90,776)</u>	<u>(156,896)</u>

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2024 (continued)**
42. Income tax (continued)

	June 2024 RO'000	June 2023 RO'000
Profit or loss		
<i>Current tax expense</i>		
Current year	26,086	12,364
Prior year	(75)	453
	<u>26,011</u>	<u>12,817</u>
<i>Deferred tax expense</i>		
Current year	2,461	15,534
	<u>2,461</u>	<u>15,534</u>
Tax expense for the period	<u><u>28,472</u></u>	<u><u>28,351</u></u>

Global minimum tax

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) published the Pillar Two Anti Global Base Erosion Rules ("GloBE Rules") designed to address the tax challenges arising from the digitalisation of the global economy.

OQ operates in various countries and changes in the tax rates or tax laws of any country could have an impact on its overall taxes. There may be changes in tax rates in some countries as a result of the BEPS Pillar Two GloBE Rules, which have multiple mechanisms that aim to ensure that large multinational enterprises pay a minimum tax of 15% calculated on the excess profits / income in every jurisdiction that they operate.

Most of the countries where OQ operates have committed to adopt and implement GloBE Rules, which include multiple mechanisms for charging top-up taxes such as Domestic Minimum Top-up Tax ("DMTT"), Income Inclusion Rule ("IIR") and Undertaxed Profits Rule ("UTPR"). There could be other changes in international tax laws and practices as a result of other pillars of BEPS (including taxes on digital services) which may impact our tax cost.

OECD has also issued additional guidance on providing administrative ease to companies impacted by Pillar Two which allows for exceptions to calculating and paying top-up taxes if they meet certain safe harbours utilizing data obtained from the company's Country-by-Country (CBC) Report. This exception is applicable for a transitional period which is the first three years of GloBE Rules implementation (i.e., 2024-2026). OQ adheres to the CbC Report filing requirements and anticipates benefitting from such relief.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

43. Earnings per share

Earnings per share are calculated by dividing the net profit for the period attributable to the shareholders of the Parent Company by the weighted average number of shares in issue during the period as follows:

	June 2024	June 2023
Profit attributable to shareholders (RO'000)	<u>230,759</u>	<u>420,412</u>
Weighted average number of shares for basic and diluted EPS	<u>3,556,640,625</u>	<u>3,556,640,625</u>
Basic and diluted earnings per share (Baisa)	<u>65</u>	<u>118</u>

44. Contingencies and commitments

The following contingent liabilities have not been provided for in the interim condensed consolidated financial statements, as it is not anticipated that any material liabilities will arise from these contingencies:

	June 2024	December 2023
	RO'000	RO'000
Letter of credit	212,512	73,047
Performance guarantees and bonds	<u>88,889</u>	<u>148,280</u>
	<u>301,401</u>	<u>221,327</u>
Capital and expenditure commitments	<u>479,890</u>	<u>822,431</u>

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2024 (continued)**
45. Financial instruments – Fair values and risk management

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	June 2024 RO'000	December 2023 RO'000
<i>Financial assets measured at amortised cost</i>		
Due from related parties	306,238	329,238
Trade and other receivables	1,828,114	1,448,706
Concession receivables	815,894	801,751
Lease receivables	223,353	229,781
Contract assets	230,208	241,191
Cash and cash equivalents	1,344,265	1,654,789
Term deposits	685,303	720,343
Other non-current assets	109,206	12,802
	5,542,581	5,438,601
<i>Financial assets measured at FVTPL</i>		
Investments	386	165
<i>Financial assets measured at FVTOCI</i>		
Derivatives	100,582	99,815
	5,643,549	5,538,581

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2024 (continued)**
45. Financial instruments – Fair values and risk management (continued)

	June 2024 RO'000	December 2023 RO'000
<i>Financial liabilities measured at amortised cost</i>		
Loans and borrowings	3,093,161	3,596,263
Lease liabilities	234,752	221,030
Due to related parties	1,204,589	951,619
Trade and other payables	1,296,228	1,082,249
Other non-current liabilities	14,793	19,669
	5,843,523	5,870,830
<i>Financial liabilities measured at FVTPL</i>		
Commodity contracts	16,515	14,980
<i>Financial liabilities measured at FVOCI</i>		
Interest rate hedges	105	106
	5,860,143	5,885,916

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

45. Financial instruments – Fair values and risk management (continued)

	June 2024			December 2023		
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investments in equity securities	-	-	386	-	-	165
Inventories (Note 19)	-	243,476	-	-	183,630	-
Derivatives held for trading – net (Note 21)	-	21,964	-	-	925	-
Cash flow and currency swaps - net (Note 21)	-	61,998	-	-	83,804	-
Assets held for sale (Note 16b)	-	-	763,249	-	-	49,697
Liabilities held for sale (Note 16b)	-	-	(629,497)	-	-	-
	-	327,438	134,138	-	268,359	49,862

Movement in level 3 fair value is as follows:

	June 2024 RO'000	December 2023 RO'000
Balance as at 1 January	165	165
Fair value changes	221	-
Assets held for sale	763,249	49,697
Liabilities held for sale	(629,497)	-
Balance at 30 June 2024 / 31 December 2023	134,138	49,862

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values at 30 June 2024 and 31 December 2023 for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. During the period ended 30 June 2024, there were no transfers between the levels for fair value measurement of the financial instruments held by the Group (31 December 2023: none).

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

45. Financial instruments – Fair values and risk management (continued)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Interest rate swaps (Derivative)	<p>Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.</p> <p>Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.</p>	Not applicable	Not applicable
FVTPL unquoted investments	The fair value of the investment is computed based on inputs not observable in the market using discounted cash flow modelling	-Discount rate 10%, - Average growth in annual production 1%	The fair value would decrease due to increase in discount rate and increase due to higher annual production growth

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

45. Financial instruments – Fair values and risk management (continued)

Interest rate benchmark reform

The Group completed its transition to alternative benchmark rates, the interest rate benchmark reform (IBOR reform), in 2023 for its derivative and non-derivative contracts and agreements. In addition, for borrowing facilities in one of the subsidiaries amounting to RO 988.63 million as at 30 June 2024 (31 December 2023: RO 1,122.20 million). Synthetic USD LIBOR has been used under the fallback arrangements provided in the underlying financing agreements, however, post the balance sheet date this facility has been transitioned to alternative benchmark rates.

46. Operating segments

Basis for segmentation

The Group's organizational structure reflects various activities in which it is engaged. At 30 June 2024, the Group had two reportable segments: Upstream and Downstream. Upstream's activities include oil and natural gas exploration, field development and production, midstream transportation, storage and processing of oil and natural gas.

Downstream's activities include the refining, manufacturing, marketing, transportation, and supply and trading of crude oil, petroleum, petrochemicals products and related services to wholesale and retail customers. Other businesses and corporate mainly comprises of the Group's, marketing, manufacturing, alternative energy and corporate activities worldwide. None of these segments met the quantitative thresholds for reportable segments. The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4 in last annual financial statement. However, IFRS requires that the measure of profit or loss disclosed for each operating segment is the measure that is provided regularly to the chief operating decision maker for the purposes of performance assessment and resource allocation. For the Group, this measure of performance is profit or loss before tax.

Sales between segments are made at prices substantially in line with market prices, taking into account the volumes involved. Segment revenues and segment results include transactions between business segments. These transactions and any unrealized profits and losses are eliminated on consolidation, unless unrealized losses provide evidence of an impairment of the asset transferred. Sales to external customers by region are based on the location of the Group subsidiary which made the sale.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

46. Operating segments (continued)

Information about reportable segments and reconciliation

Information related to each reportable segment is set out below. Segment profit (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

Six months period ended (RO'000) 30 June 2024	Reportable segments			Consolidation adjustment and eliminations	Total
	Upstream	Downstream	All other segments		
External revenues	188,001	7,598,700	247,202	-	8,033,903
Inter-segment revenues	319,064	-	-	(319,064)	-
Profit from continuing operation	<u>203,494</u>	<u>36,687</u>	<u>34,328</u>	-	<u>274,509</u>
Loss from discontinued operation	-	(24,164)	-	-	(24,164)
Profit for the period	<u><u>203,494</u></u>	<u><u>12,523</u></u>	<u><u>34,328</u></u>	-	<u><u>250,345</u></u>
As at 30 June 2024					
Segment assets	2,798,145	6,500,434	3,042,815	-	12,341,393
Asset held for sale	-	763,249	-	-	763,249
	<u>2,798,145</u>	<u>7,263,683</u>	<u>3,042,815</u>	-	<u>13,104,642</u>
Segment liabilities	1,296,995	3,907,795	1,061,665	-	6,266,455
Liabilities held for sale	-	629,497	-	-	629,497
	<u>1,296,995</u>	<u>4,537,292</u>	<u>1,061,663</u>	-	<u>6,895,952</u>
Six months period ended (RO'000) 30 June 2023					
	Reportable segments			Consolidation adjustment and eliminations	Total
	Upstream	Downstream	All other segments		
External revenues	177,998	5,165,688	544,969	-	5,888,655
Inter-segment revenues	448,349	-	-	(448,349)	-
Profit after tax	<u>247,161</u>	<u>104,469</u>	<u>72,765</u>	<u>372</u>	<u>424,767</u>
As at 30 June 2023					
Segment assets	2,846,804	7,097,374	2,079,192	-	12,023,370
Segment liabilities	<u>932,497</u>	<u>4,961,866</u>	<u>535,978</u>	-	<u>6,430,341</u>

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2024 (continued)

46. Operating segments (continued)

Reconciliation of reportable segment profit or loss

	June 2024 RO'000	June 2023 RO'000
Profit after tax for reportable segments	240,181	351,630
Profit after tax for other segments	34,328	73,137
Profit after tax	274,509	424,767

47. Divestment strategy

As a part of the Group divestment strategy, the Group is continuing to explore the option for dilution or divestments of certain assets. As at 30 June 2024, both OQ Exploration and Production SAOC (OQEP) and OQ Salalah Clusters (includes OQ LPG and OQ Base Industries) are planning to go with Initial Public Offerings (IPO).

During the period, OQ Board of Directors decided to sell OQ Chemicals International Holding GmbH (OQ Chemicals) which is a subsidiary of Oman Oil Holding Europe B.V. (OOHE) and currently classified the investment as held for sale.

48. Approval of consolidated financial statements

These interim condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on 24 September 2024.

The independent auditors' review report on interim condensed consolidated financial statements is included on Page 1.

