



OQ SAOC AND ITS SUBSIDIARIES

Condensed consolidated interim
financial statements

For the six months ended 30 June 2023



**Energy
Beyond
Limits**

OQ SAOC AND ITS SUBSIDIARIES

Report and interim condensed consolidated financial statements For the six months ended 30 June 2023

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Independent Auditors' Report on Review of Condensed 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 2023, 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.

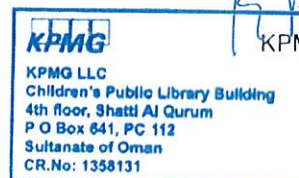
Scope of Review

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 2023 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

28 August 2023



KPMG
KPMG LLC

**Condensed consolidated statement of financial position
as at 30 June 2023**

		30 June 2023 RO'000	31 December 2022 RO'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	6	4,274,296	4,335,559
Oil and gas production and development assets	7	1,129,394	1,174,296
Right-of-use assets	8	170,283	183,219
Intangible assets	9	68,954	74,973
Goodwill	10	12,099	11,881
Investment in associates	11	238,572	234,763
Interest in joint ventures	12	611,729	470,115
Deferred tax assets	42	19,811	19,404
Concession receivables	13	770,541	782,488
Lease receivables	14	223,821	229,785
Contract assets	15	204,399	184,092
Derivatives	21	49,471	71,238
Due from related parties	31	88,966	86,625
Other non-current assets	18	6,881	7,105
Total non-current assets		7,869,217	7,865,543
Current assets			
Inventories	19	805,829	852,340
Trade and other receivables	20	1,330,853	1,630,530
Concession receivables	13	28,125	32,583
Lease receivables	14	11,317	10,838
Due from related parties	31	111,088	72,883
Investments at fair value through profit and loss	16	162	165
Derivatives	21	89,609	96,175
Short-term deposits	17	726,468	593,632
Cash and cash equivalents	22	1,050,386	985,359
Assets held for sale	16a	316	48,454
Total current assets		4,154,153	4,322,959
Total assets		12,023,370	12,188,502
EQUITY AND LIABILITIES			
EQUITY			
Share capital	23	3,556,447	3,556,447
Share capital pending registration	23	194	194
Statutory reserve	24	368,834	282,628
Other reserve	25	(102,466)	(79,327)
Hedge and fair value reserve	26	161,895	187,054
Translation reserve		(4,505)	537
Retained earnings		1,503,005	1,267,954
Equity attributable to equity holders of the parent		5,483,404	5,215,487
Non-controlling interests		109,626	43,276
Total equity		5,593,030	5,258,763
Non-current liabilities			
LIABILITIES			
Loans and borrowings	27	3,262,823	3,420,323
Lease liabilities	28	155,817	163,370
Employees' end-of-service benefits	29	56,910	53,058
Provisions	30	138,657	125,186
Due to related parties	31	9,242	9,242
Deferred tax liabilities	42	182,529	170,694
Other liabilities	32	19,543	15,253
Total non-current liabilities		3,825,521	3,957,126
Current liabilities			
Trade and other payables	33	1,110,912	1,360,891
Loans and borrowings	27	607,365	676,051
Lease liabilities	28	32,213	33,628
Derivatives	21	89,452	32,598
Due to related parties	31	730,668	833,165
Income tax	42	34,209	36,280
Total current liabilities		2,604,819	2,972,613
Total liabilities		6,430,340	6,929,739
Total equity and liabilities		12,023,370	12,188,502

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on 27 Aug 2023

Chairman

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 2023

	Notes	2023 RO'000	2022 RO'000
Revenue	34	5,888,655	7,734,913
Cost of sales	35	(5,265,313)	(6,752,610)
Gross profit		623,342	982,303
Investment income	36	3,245	2,597
Share of results of equity accounted investments	37	54,153	115,334
Other income	38	17,926	26,597
Administrative expenses	39	(166,397)	(162,757)
Impairment losses charged	40	(915)	(742)
Operating profit		531,354	963,332
Finance income	41	52,725	10,480
Finance cost	41	(134,074)	(114,993)
Foreign exchange gains / (losses) – net	41	3,113	(9,219)
Profit for the period before tax		453,118	849,600
Income tax expense	42	(28,351)	(27,139)
Profit for the period		424,767	822,461
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation difference relating to subsidiaries		199	(498)
Foreign currency translation difference on investment in associates	11	(5,241)	(12,613)
Share of other comprehensive income of associates and joint ventures	26	(738)	51,204
Effective portion of changes in fair value of cash flow hedges	26	(24,421)	104,382
<i>Items not to be reclassified to profit or loss in subsequent periods</i>			
Transfer to defined benefit plan, actuarial gains and losses	29	(2)	1,006
Other comprehensive income, net		(30,203)	143,481
Total comprehensive income for the period		394,564	965,942
Profit for the period attributable to:			
- Equity holders of the parent		420,412	820,734
- Non-controlling interests		4,355	1,727
Profit for the period		424,767	822,461
Total comprehensive income attributable to:			
- Equity holders of the parent		390,209	964,215
- Non-controlling interests		4,355	1,727
Total comprehensive income for the period		394,564	965,942
Earnings per share			
Basic and diluted earnings per share – RO	43	0.118	0.239

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 2023

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-----Attributable to owners of the Parent Company-----										
	Share capital	Share capital pending registration	Statutory reserve	Other reserve	Hedge and fair value reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	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
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
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
Transactions with owners' directly recorded in equity	-	-	-	-	-	-	-	-	-	-
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	3,556,447	194	368,834	(102,466)	161,895	(4,505)	1,503,005	5,483,404	109,626	5,593,030

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

Total equity
RO'000

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

Condensed consolidated statement of cash flows for the six months ended 30 June 2023

	Notes	2023 RO'000	2022 RO'000
Cash flows from operating activities			
Profit before tax		453,118	849,600
Adjustments for:			
Charge of impairment losses – net	40	915	742
Share of results of equity accounted investees	37	(54,153)	(115,334)
Loss on disposal of property, plant and equipment	36	6	537
Depreciation and amortization	6	346,814	364,020
Accrual for end of service benefits	29	6,202	3,805
Unwinding of discount on provisions	41	3,587	3,734
Unwinding of commitment to MEM	41	(5,919)	(7,669)
Finance cost	41	136,406	118,928
Finance income	41	(52,725)	(10,480)
Unrealized gain on investment / derivatives		(57,496)	(55,218)
		<u>776,755</u>	<u>1,152,665</u>
Changes in:			
Inventories		46,562	(210,403)
Trade and other receivables		311,086	(531,095)
Concession receivables		15,148	11,163
Lease receivables		5,485	4,727
Contract assets		6,098	4,638
Trade and other payables		(132,815)	161,554
Due from related parties		(38,205)	(119,114)
Due to related parties		(102,497)	432,389
Cash generated from operations		<u>887,617</u>	<u>906,524</u>
Employees' end of service benefits paid	29	(2,987)	(1,686)
Taxes paid		(14,888)	(23,199)
Net cash from operating activities		<u>869,742</u>	<u>881,639</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(81,309)	(80,959)
Acquisition of oil and gas exploration and production assets	7	(153,892)	(114,099)
Additions in contract assets		(23,559)	(21,682)
Payment for intangible assets	9	(2,259)	(2,008)
Proceeds from disposal of property, plant and equipment		634	587
Proceeds from available for sale investments	16a	48,138	173,792
Proceeds from sale of investments		88,598	-
Investment in equity accounted investees	11&12	(196,401)	(1,165)
Other movements in non-current assets and liabilities		20,317	7,677
Dividend received from equity accounted investees	11&12	98,195	111,260
Net movement in term deposits	17	(132,836)	15,652
Finance income received	41	52,960	8,649
Net cash generated (used in) / from investing activities		<u>(281,414)</u>	<u>97,704</u>
Cash flows from financing activities			
Interest paid	41	(131,164)	(106,652)
Dividends paid to shareholder	23	(128,038)	-
Dividends paid to non-controlling interests		(1,645)	(1,316)
Proceeds from loan and borrowings	27	377,282	208,410
Repayments of loan and borrowings	27	(618,189)	(766,591)
Repayment of lease liabilities	28	(15,954)	(15,451)
Payments to related parties		(2,341)	(5,128)
Receipts from related parties		-	-
Net cash used in financing activities		<u>(520,049)</u>	<u>(686,728)</u>
Net change in cash and cash equivalents		<u>68,279</u>	<u>292,615</u>
Translation adjustments		(3,252)	(4,567)
Cash and cash equivalents at the beginning of the period		985,359	838,043
Cash and cash equivalents at end of the period	22	<u>1,050,386</u>	<u>1,126,091</u>

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 2023

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 2023 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 2023	% holding 2022
Oman Oil Marketing Company SAOG (OOMCO)	iv	Sultanate of Oman	49%	49%
Oman Tank Terminal Company LLC (OTTCO)		Sultanate of Oman	100%	100%
Oman Gas International LLC	ii	Cayman Island	-	100%
Duqm Petroleum Terminal Company LLC (DPTC)		Sultanate of Oman	100%	100%
Oman International Petrochemical Industry Company LLC (OMPET)	ii	Sultanate of Oman	-	70%
Oman Oil (Budapest) Limited (OOBL)	iii	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)	iii	Cayman Islands	100%	100%
Oman Pearls Company Limited – UK		United Kingdom	100%	100%
Oman Oil (Upstream) Holdings Limited (OOUHL)	ii	Cayman Islands	-	100%
Oman Oil Company Limited (OOCL)		Bermuda	100%	100%
OQ Exploration and Production L.L.C (OQEP)	i	Sultanate of Oman	100%	100%
Abraj Energy Services SAOC	v	Sultanate of Oman	51%	100%
OQEP Holding Limited	iii	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%

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2023 (continued)

2. Group entities (continued)

Company name	Notes	Country of incorporation	% holding 2023	% holding 2022
OQ Gas Networks S.A.O.C (OQ GN)		Sultanate of Oman	100%	100%
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%
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	iii	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 L.L.C (OQ RPI)		Sultanate of Oman	100%	100%
OQ Refineries L.L.C		Sultanate of Oman	100%	100%
OQ Aromatics L.L.C		Sultanate of Oman	100%	100%
OQ Logistics L.L.C		Sultanate of Oman	100%	100%
OQ Plastics L.L.C		Sultanate of Oman	100%	100%
OQ Depots L.L.C		Sultanate of Oman	100%	100%
OQ Marketing L.L.C		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) L.L.C		Sultanate of Oman	100%	100%
OQ Methanol (SFZ) L.L.C.		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 (2023)	Operator	Activity
Block 60	100%	OQEP	Exploration and production
Block 48	100%	OQEP	Exploration
Block 42	50%	OQEP	Exploration
Block 10	20%	Shell Oman	Exploration and production
Block 9	45%	Occidental	Exploration and production
Block 61	30%	BP	Exploration and production
Block 65	27%	Occidental	Exploration and production
Karim	25%	Medco	Production service agreement
Rima	25%	Petrogas	Production service agreement
Block 53	20%	Occidental	Exploration and production
Block 52	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.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)****2. Group entities (continued)**

ii. Changes in structure

In H1 2023, the following companies were liquidated:

- Oman Gas International L.L.C
- Oman Oil (Upstream) Holding Limited (OOUHL)
- Oman International Petrochemical Industry Company LLC (OMPET)

iii. Below entities are in the process of liquidation and are expected to be liquidated in H2 2023:

- Takamul Holding Company Ltd
- OQEP Holding Limited
- Oman Oil (Budapest) Limited (OOBL)
- Oman Pearls Company Limited (OPCL)

iv. Although the Group owns less than half of the total share capital of OOMCO, the management of the Parent Company assessed that the Group has control over its investment in OOMCO based on whether the Group has the practical ability to direct the relevant activities of OOMCO unilaterally. The management considered the Group's absolute size of holding in OOMCO and relative size of and dispersion of the shareholding owned by the other shareholders.

The Group holds 3,225,000 multi vote shares and 28,380,000 ordinary shares, which give it an overall voting power of 51.43% in OOMCO. Accordingly, the Group has control over OOMCO by virtue of Article 5 of chapter two of OOMCO's Articles of Association, which entitles the holder of multi vote share to two votes at the Annual General Meeting of OOMCO. After assessment, the management, concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of OOMCO.

v. On 30th of March 2023 an initial public offering was undertaken by Abraj in which 49% of the shares were sold on the MSX exchange for external shareholders while retaining the remaining 51% under OQ Group.**3. Basis of preparation**

These interim condensed consolidated financial statements for the six months ended 30 June 2023 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 2022 ('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.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2023 (continued)

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 2022. The policy for recognising 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 2023 do not have any impact on interim condensed consolidated financial statements.

A. Deferred tax related to assets and liabilities arising from a single transaction.

The Group has adopted *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12* from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases and decommissioning liabilities applying the “integrally link” approach, resulting in a similar outcome to the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities, site restoration obligation and a deferred tax liability in relation to its right-of-use assets and site restoration cost. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 January 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised – this disclosure will be provided in the annual financial statements.

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 2023.

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 2023 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.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)****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.

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 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.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**

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

Measurement of fair values (continued)

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 2023 (continued)

6. Property, plant and equipment

	Freehold land	Buildings	Furniture and office equipment	Plant, equipment, and vehicles	Site restoration cost	Capital spare part	Capital work-in- progress	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
At 1 January 2022	408	562,273	57,798	6,722,831	43,019	9,110	473,098	7,868,537
Additions	-	4,460	3,013	11,822	-	-	136,263	155,558
Acquisition through business combination	-	2,024	893	98,241	-	-	6,285	107,443
Transfers (note 9)	-	6,783	26,012	100,531	-	(268)	(133,583)	(525)
Disposals	-	(329)	(267)	(9,463)	-	-	(13)	(10,072)
Change in site restoration provision	-	-	-	-	(12,307)	-	-	(12,307)
Translation differences	-	(4,797)	(437)	(19,623)	-	-	(1,974)	(26,831)
At 31 December 2022	408	570,414	87,012	6,904,339	30,712	8,842	480,076	8,081,803
At 1 January 2023	408	570,414	87,012	6,904,339	30,712	8,842	480,076	8,081,803
Additions	-	5,605	813	13,933	-	-	60,958	81,309
Transfers (note 9)	-	952	162	7,077	-	-	(29,696)	(21,505)
Disposals	-	(386)	(200)	(959)	-	-	(22,569)	(24,114)
Translation differences	-	(1,218)	(699)	(8,582)	-	-	(9,325)	(19,824)
At 30 June 2023	408	575,367	87,088	6,915,808	30,712	8,842	479,444	8,097,669
Accumulated depreciation and impairment								
At 1 January 2022	-	143,812	46,377	3,278,054	1,735	6,323	32,070	3,508,371
Acquisition through business combination	-	866	747	36,089	-	-	-	37,702
Charge for the year	-	19,577	8,171	223,159	1,384	355	-	252,646
Transfers	-	-	-	-	-	-	-	-
Impairment charge / (reversal)	-	(7,651)	-	(27,599)	-	-	-	(35,250)
Disposals	-	(316)	(217)	(7,453)	-	-	-	(7,986)
Translation differences	-	(1,052)	(284)	(7,903)	-	-	-	(9,239)
At 31 December 2022	-	155,236	54,794	3,494,347	3,119	6,678	32,070	3,746,244
At 1 January 2023	-	155,236	54,794	3,494,347	3,119	6,678	32,070	3,746,244
Charge for the period	-	10,658	2,027	120,647	301	96	-	133,729
Disposals	-	(2)	(167)	(736)	-	-	(22,569)	(23,474)
Translation differences	-	(2,383)	(841)	(29,902)	-	-	-	(33,126)
At 30 June 2023	-	163,509	55,813	3,584,356	3,420	6,774	9,501	3,823,373
Net Book Value								
30 June 2023	408	411,858	31,275	3,331,452	27,292	2,068	469,943	4,274,296
31 December 2022	408	415,178	32,218	3,409,992	27,593	2,164	448,006	4,335,559

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**

6. Property, plant and equipment (continued)

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

	30 June 2023 RO'000	30 June 2022 RO'000
Property, plant and equipment	133,729	124,758
Oil and gas producing assets (note 7)	198,794	215,269
Right-of-use assets (note 8)	15,508	15,099
Intangible assets (note 9)	9,301	9,435
	<u>357,333</u>	<u>364,561</u>
<i>Allocated as follows:</i>		
Cost of sales (note 35)	328,951	345,084
Administrative expenses (Note 39)	17,863	18,936
Capitalised in the cost of capital work in progress	10,519	541
	<u>357,333</u>	<u>364,561</u>

(ii) As at 30 June 2023, the Group has assessed impairment indicators across the cash generating units and no indicators of impairment were identified. The assessment will be revisited for the year ending 31 December 2023.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**
7. 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, Malarim Block 9 etc.) RO'000	Dunga oil field RO'000	Total RO'000
Cost			
At 1 January 2022 (restated)	3,244,310	117,628	3,361,938
Additions	345,275	3,555	348,830
Transfers	25,883	-	25,883
Change in decommissioning provision	(4,656)	-	(4,656)
Disposal	(4,462)	-	(4,462)
At January 2023	3,606,350	121,183	3,727,533
Additions	150,447	3,445	153,892
At 30 June 2023	3,756,797	124,628	3,881,425
Accumulated depreciation and impairment			
At 1 January 2022	2,075,376	54,414	2,129,790
Charge for the year	381,505	3,724	385,229
Impairment adjustment	14,365	21,181	35,546
Transfers	-	-	-
Other adjustment	1,806	866	2,672
At 1 January 2023	2,473,052	80,185	2,553,237
Charge for the period	197,280	1,514	198,794
At 30 June 2023	2,670,332	81,699	2,752,031
Net book value			
At 30 June 2023	1,086,465	42,929	1,129,394
At 31 December 2022	1,133,298	40,998	1,174,296

As at 30 June 2023, the Group has assessed impairment indicators across the cash generating units and no indicators of impairment were identified. The assessment will be revisited for the year ending 31 December 2023.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**
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 recognised and movement during the period:

	Land and buildings RO'000	Plant and equipment RO'000	Drilling and rigs RO'000	Vehicles RO'000	Total RO'000
As at 1 January 2022	112,557	53,605	32	4,896	171,090
Additions	27,068	5,086	-	4,350	36,504
Exchange difference	(185)	(136)	-	(10)	(331)
Reclassifications	155	(853)	(32)	730	-
Modification	11,097	-	-	-	11,097
Depreciation expense	(11,861)	(16,989)	-	(3,525)	(32,375)
Termination	(2,258)	(464)	-	(44)	(2,766)
At 1 January 2023	136,573	40,249	-	6,397	183,219
Additions	3,583	748	-	115	4,446
Terminations	(100)	(181)	-	(19)	(300)
Depreciation expense	(6,446)	(8,757)	-	(305)	(15,508)
Lease modifications	(760)	-	-	(961)	(1,721)
Exchange difference	51	96	-	-	147
At 30 June 2023	132,901	32,155	-	5,227	170,283

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2023 (continued)

9. Intangible assets

	ERP and software	Subsoil rights	Technology, customer relationship, trademarks, patents, and other intangible assets	Exploration assets - OQEP	Exploration assets - Caspian off shore	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Cost						
At 1 January 2022	22,249	1,411	245,719	11,051	76,232	356,662
Additions	5,335	-	672	5,871	-	11,878
Transfers	-	-	56	(3,975)	-	(3,919)
Written off	(614)	-	-	-	-	(614)
Translation difference	(369)	-	(13,384)	-	-	(13,753)
At 1 January 2023	26,601	1,411	233,063	12,947	76,232	350,254
Additions	1,501	-	511	-	-	2,012
Transfers	220	-	27	-	-	247
Translation difference	126	-	5,586	-	-	5,712
At 30 June 2023	28,448	1,411	239,187	12,947	76,232	358,225
Accumulated amortization						
At 1 January 2022	18,445	1,160	171,711	-	76,232	267,548
Charge for the year	933	70	17,472	-	-	18,475
Disposal	(556)	-	-	-	-	(556)
Translation differences	(276)	-	(9,910)	-	-	(10,186)
At 1 January 2023	18,546	1,230	179,273	-	76,232	275,281
Charge for the period	457	14	8,830	-	-	9,301
Translation differences	128	-	4,561	-	-	4,689
At 30 June 2023	19,131	1,244	192,664	-	76,232	289,271
Net book value						
At 30 June 2023	9,317	167	46,523	12,947	-	68,954
At 31 December 2022	8,056	181	53,790	12,947	-	74,973

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**

10. Goodwill

Cost	OQ Chemicals RO'000	OOMCO RO'000	Total RO'000
At 1 January 2022	262,950	3,683	266,633
Translation difference	(15,907)	-	(15,907)
At 31 December 2022 / 1 January 2023	247,043	3,683	250,726
Translation difference	(8,771)	-	(8,771)
At 30 June 2023	238,272	3,683	241,955
Impairment and translation differences			
At 1 January 2022	254,224	-	254,224
Translation differences	(15,379)	-	(15,379)
At 31 December 2022 / 1 January 2023	238,845	-	238,845
Translation differences	(8,989)	-	(8,989)
At 30 June 2023	229,856	-	229,856
Net book value			
At 30 June 2023	8,416	3,683	12,099
At 31 December 2022	8,198	3,683	11,881

As at 30 June 2023, there were no indicators of impairment and accordingly no impairment test was performed.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**
11. Investment in associates

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

	30 June 2023 RO'000	31 December 2022 RO'000
At 1 January	234,763	156,160
Prior year adjustments	(989)	-
Investment during the period / year	-	53,260
Share of results (note 37)	26,496	46,041
Dividends received	(15,839)	(13,969)
Accrued expenses	32	277
Foreign currency translation	(5,241)	(8,074)
Share of other comprehensive income of associates	(650)	1,068
At 30 June / 31 December	238,572	234,763

12. Interest in joint ventures

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

At 1 January	470,115	347,043
Investments during the period / year	196,401	73,566
Dividends received	(82,356)	(190,971)
Share of results (note 37)	27,657	169,135
Share of changes in other comprehensive (loss) / income	(88)	70,836
Accrued expenses recognised	-	237
Additions due to changes in fair value of loan	-	269
At 30 June / 31 December	611,729	470,115

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**
13. Concession receivables

	30 June 2023 RO'000	31 December 2022 RO'000
At 1 January	815,071	829,529
Transferred from contract assets (note 15)	2,946	15,737
Income during the period / year	28,525	57,380
Adjustment of penalties	-	(1,708)
Transfer to investment property	(4,203)	-
Billed during the year	(43,673)	(85,867)
At 30 June / 31 December	798,666	815,071
Current / non-current		
Non-current portion	770,541	782,488
Current portion	28,125	32,583
	798,666	815,071

14. Lease receivables

	30 June 2023 RO'000	30 June 2022 RO'000
Lease income		
Finance income on the net investment in lease	11,265	11,708

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

	30 June 2023 RO'000	31 December 2022 RO'000
Net investment in lease		
At 1 January	240,623	250,267
Repayments	(5,485)	(9,644)
At 30 June 2023 / 31 December 2022	235,138	240,623

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**
14. Lease receivables (continued)

	30 June 2023 RO'000	31 December 2022 RO'000
Presented as		
Current portion	11,317	10,838
Non-current portion	223,821	229,785
	<u>235,138</u>	<u>240,623</u>

15. Contract assets

	-----30 June 2023----- -----RO'000-----			-----31 December 2022----- -----RO'000-----		
	Due from MEM	Others	Total	Due from MEM	Others	Total
At 1 January	182,290	1,802	184,092	145,433	1,590	147,023
Transferred to concession receivables (note 13)	(2,946)	-	(2,946)	(15,737)	-	(15,737)
Additions during the period / year	23,559	-	23,559	53,048	212	53,260
Finance income during the period / year	6,694	-	6,694	11,082	-	11,082
Invoiced and transferred to related party	-	(902)	(902)	1,135	-	1,135
Adjustment of penalties	-	-	-	(2,186)	-	(2,186)
Received during the period / year	(6,098)	-	(6,098)	(10,485)	-	(10,485)
At 30 June /31 December	<u>203,499</u>	<u>900</u>	<u>204,399</u>	<u>182,290</u>	<u>1,802</u>	<u>184,092</u>

16. Investments at fair value through profit and loss

	30 June 2023 RO'000	31 December 2022 RO'000
Unquoted investments	5,788	5,791
	<u>5,788</u>	<u>5,791</u>
Impairment provision	(5,626)	(5,626)
	<u>162</u>	<u>165</u>

The Group has not recognised any additional impairment on its unquoted investments during the period ended 30 June 2023. The movement relates wholly to foreign exchange rate difference.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**
16a. Assets held for sale

	30 June 2023 RO'000	31 December 2022 RO'000
Muscat Gases Company SAOG	316	316
Vale Pelletizing Company LLC	-	48,138
	316	48,454

The investment in Vale Pelletizing Company LLC has been disposed off during the year by exercising the put option for a consideration of RO 48,138 million.

17. Short term deposits

Short-term-deposits	726,468	593,632
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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. 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 months ECL. Taking into account the historical default experience and the current credit ratings of the banks, the management of the Group has assessed that there is no significant expected credit loss.

18. Other non-current assets

Staff benefits & staff housing loans	5,940	1,802
Deferred expenditure	775	2,828
Other receivables and advances	166	133
Other investment	-	2,342
	6,881	7,105

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**
19. Inventories

	30 June 2023 RO'000	31 December 2022 RO'000
Finished goods	216,461	223,481
Oil and lubricants	202,245	220,571
Raw materials and work-in-progress	197,647	224,882
Stores and spares	192,682	186,861
	809,035	855,795
Allowance for slow-moving and obsolescence inventories	(3,206)	(3,455)
	805,829	852,340

Movement in allowance for slow-moving and obsolescence:

At 1 January	3,455	3,706
Provision written off	(32)	-
Net charge / reversal during the period / year	(217)	(251)
At 30 June / 31 December	3,206	3,455

20. Trade and other receivables

Trade receivables	840,743	1,104,961
Less: allowance for expected credit losses	(13,822)	(14,154)
	826,921	1,090,807
Other receivables	458,013	486,261
Advances to suppliers	23,797	27,124
Advances to employees	703	729
Prepaid expenses	21,419	25,609
	1,330,853	1,630,530

The year-on-year increase in trade receivables and accrued revenue was driven by an increase in sales volumes, coupled with a significant increase in the price of oil, refined products and other energy commodities.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**
20. Trade and other receivables (continued)

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

	30 June 2023	31 December 2022
At 1 January	14,154	13,533
(Reversal) / Allowance recognised as impairment expense	(332)	621
At 30 June 2023 / 31 December 2022	<u>13,822</u>	<u>14,154</u>

21. Derivatives

	Derivatives assets		Derivatives liabilities	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RO'000	RO'000	RO'000	RO'000
Derivatives held for trading	17,929	18,572	89,347	32,493
Cash flow hedges	121,151	148,841	105	105
	139,080	167,413	89,452	32,598
Less: current portion	(89,609)	(96,175)	(89,452)	(32,598)
Non-current portion	49,471	71,238	-	-

22. Cash and cash equivalents

	30 June 2023	31 December 2022
	RO'000	RO'000
Bank balances (current and call accounts)	1,050,308	985,252
Cash balance	78	107
	<u>1,050,386</u>	<u>985,359</u>

The interest rate on call accounts ranges from 0.01%-5.6% (30 June 2022: 0.01%-3.5%).

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**
23. Share capital

	Authorised		Issued and paid up	
	30 June 2023 RO'000	31 December 2022 RO'000	30 June 2023 RO'000	31 December 2022 RO'000
Ordinary shares of RO 1 each	<u>5,000,000</u>	<u>5,000,000</u>	<u>3,556,447</u>	<u>3,556,447</u>

During the period, the Group declared and paid RO 128 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 2023 RO 86.2 million (30 June 2022: RO 38.2 million) of the Parent Company's annual profit was transferred to the legal reserve. The reserve is not available for distribution.

25. Other reserve

Other reserve mainly relates to the following:

- The Parent Company applied predecessor accounting using the net carrying value resulting in recording the excess of consideration paid over the net carrying value of assets acquired amounting to RO 95.6 million, as an adjustment in consolidated statement of changes in equity under "other reserves".
- In Q1 2023, an initial public offering was launched for Abraj, and as a result of divestment of 49% of shares of Abraj, a gain of RO 21.0 million was recognised in the consolidated statement of changes in equity under "other reserves". OQ Group continues to control 51% of Abraj through OQ EP, and Abraj remains a fully consolidated subsidiary as outlined in Note 2, paragraph v.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**
26. Hedge and fair value reserves

Movement in reserve during the 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 2022	(22,751)	(637)	(23,388)
Fair values movement in hedges	138,538	-	138,538
Share of OCI of joint ventures and associates	-	71,904	71,904
At 31 December 2022 / 1 January 2023	115,787	71,267	187,054
Fair values movement in hedges-net of tax	(24,421)	-	(24,421)
Share of OCI of joint ventures and associates	-	(738)	(738)
At 30 June 2023	91,366	70,529	161,895

27. Loans and borrowings

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

	30 June 2023 RO'000	31 December 2022 RO'000
The Parent Company	430,137	512,231
OQ Exploration and Production L.L.C (OQEP)	239,875	302,458
Oman Oil Holding Europe B.V.	367,742	361,792
OQ Trading Limited	77,472	117,473
OQ Methanol LLC	192,083	206,363
Takamul Investment Company SAOC	95,051	96,933
OQ Gas Network SAOC	329,975	250,795
OQ Refineries and Petroleum Industries L.L.C (OQ RPI)	1,750,176	1,870,070
Oman Oil Facilities Development Company LLC	203,799	207,340
Oman Tank Terminal Company LLC	128,130	123,025
Majis Industrial Services	35,748	37,894
Oman Oil Marketing Company SAOG	20,000	10,000
	3,870,188	4,096,374
Less: current portion	(607,365)	(676,051)
Non-current portion	3,262,823	3,420,323

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**
27. Loans and borrowings (continued)

- (i) On 23 February 2023, OQ SAOC fully repaid Term Loan VI amounting to RO 57.8 million, which was originally obtained on 24 February 2021 for a two-year term, structured as a bullet payment at maturity.
- (ii) As of 30 June 2023, OQ Gas Networks fully repaid and refinanced its term loan of RO 237.2 million. The new financing of RO 845 million which comprises both Islamic and Conventional facilities, each with USD and OMR tranches, and tenors of 7 and 10 years, respectively.

As of 30 June 2023, carrying value of term loans include un-amortised deferred finance cost amounting to RO 78.17 million (31 December 2022, RO 81.46 million).

28. Lease liabilities

	30 June 2023 RO'000	31 December 2022 RO'000
At 1 January	196,998	182,331
Addition during the period / year	3,575	30,176
Interest charged	4,800	9,394
Rent concessions	-	(162)
Modification	(1,697)	11,805
Termination	-	(530)
Translation differences	308	(874)
Payment of lease liabilities	(15,954)	(35,142)
At 30 June 2023 / 31 December 2022	188,030	196,998
<i>Analyzed as:</i>		
Current	32,213	33,628
Non-current	155,817	163,370
	188,030	196,998

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**
29. Employees' end-of-service benefits

	30 June 2023 RO'000	31 December 2022 RO'000
At 1 January	53,058	54,947
Accrued during the year	6,202	10,335
Net actuarial (gain) and loss	2	(11,101)
Translation differences	635	2,019
End-of-service benefits paid	(2,987)	(3,142)
At 30 June 2023 / 31 December 2022	<u>56,910</u>	<u>53,058</u>

30. Provisions

	Site restoration RO'000	Provision for rich gas RO'000	Total RO'000
At 1 January 2022	99,788	7,720	107,508
Additions / (reversals) – net	(17,032)	33,241	16,209
Unwinding of commitment to MEM	-	(6,401)	(6,401)
Unwinding of discount	7,870	-	7,870
At 1 January 2023	90,626	34,560	125,186
Additions	-	15,803	15,803
Unwinding of discount	3,587	(5,919)	(2,332)
At 30 June 2023	<u>94,213</u>	<u>44,444</u>	<u>138,657</u>

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (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:

	30 June 2023 RO '000	30 June 2022 RO '000
<i>Purchases of goods and services</i>		
- OIA and its' affiliates	2,237,572	2,555,002
Associates and joint ventures	50,338	307,329
- Other common control entities	135,144	150,150
<i>Sale of goods and services</i>		
- OIA and its' affiliates	73,470	277,502
Associates and joint ventures	69,445	49,780
Other common control entities	6,568	-
Board sitting fee	78	30
Directors' remuneration	325	288

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

Short-term benefits	1,329	635
Employees' end of service benefits	110	-

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**

31. Related party transactions and balances (continued)

	30 June 2023 RO'000	31 December 2022 RO'000
<i>Amount due from related parties – non-current</i>		
Associates and joint ventures	95,936	93,507
Allowance for credit loss	(6,970)	(6,882)
	88,966	86,625
<i>Amount due from related parties –current</i>		
OIA and its' affiliates	58,970	68,182
Associates and joint ventures	51,853	4,701
Other under common control	265	-
	111,088	72,883
<i>Amount due to related parties – current</i>		
OIA and its' affiliates	696,289	809,689
Associates and joint venture	18,457	23,476
Other common control entities	15,922	-
	730,668	833,165
<i>Amount due to related parties – non-current</i>		
OIA and its' affiliates	9,242	9,242

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

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**

32. Other liabilities – non-current

	30 June 2023 RO'000	31 December 2022 RO'000
Deferred payment obligation	3,015	1,540
Deferred income	10,016	8,098
Other payables	6,512	5,615
	19,543	15,253

33. Trade and other payables

	30 June 2023 RO'000	31 December 2022 RO'000
Trade payables	306,768	544,607
Accrued expenses	434,429	440,725
Other payable	369,715	375,559
	1,110,912	1,360,891

Trade payables include an amount of RO 0.02 million (2022: Nil) due to related parties under common control.

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.

	30 June 2023 RO'000	30 June 2022 RO'000
<i>Products transferred at a point in time</i>		
Sale of petroleum products	5,342,988	6,933,600
Others	291,019	436,680
<i>Products and services transferred over a period of time</i>		
Services	182,216	229,217
Others	72,432	135,416
	5,888,655	7,734,913

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**
34. Revenue (continued)

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

	Domestic		Foreign	
	30 June 2023 RO'000	30 June 2022 RO'000	30 June 2023 RO'000	30 June 2022 RO'000
Revenue	1,395,692	1,714,625	4,492,963	6,020,288
		30 June 2023 RO'000		30 June 2022 RO'000
Europe		359,538		658,179
NAFTA (North American Free Trade Agreement)		395,975		368,124
APAC (Asia-Pacific)		2,963,872		4,251,418
SAM (South American)		11,080		18,387
Middle east		1,839,173		2,264,320
Rest of the world		319,017		174,485
		5,888,655		7,734,913

Decrease in revenue was mainly driven by a decrease in crude oil prices and decrease in oil price margins of Downstream. Furthermore, the geopolitical crises in Europe contributed to the increase of gas prices which put European businesses in stressed condition.

35. Cost of sales

Cost of materials	4,672,162	6,173,626
Salaries and wages (note 39)	81,769	96,188
Depreciation charged (Note 6)	328,951	345,084
Other overheads	182,431	137,712
	5,265,313	6,752,610

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**
36. Investment income

	30 June 2023 RO'000	30 June 2022 RO'000
Dividend income on investments	<u>3,245</u>	<u>2,597</u>

37. Share of result of equity accounted investments

Share of results of associates (note 11)	26,496	23,974
Share of results of joint ventures (note 12)	<u>27,657</u>	<u>91,360</u>
	<u>54,153</u>	<u>115,334</u>

38. Other income / expenses - net

Lease income (note 14)	11,265	11,708
Loss on disposal of fixed assets	(6)	(537)
Other operating income	<u>6,667</u>	<u>15,426</u>
	<u>17,926</u>	<u>26,597</u>

39. Administrative expenses

Staff related expenses	70,811	62,204
Selling and distribution expenses	15,637	25,673
Depreciation and amortization (note 6)	17,863	18,936
IT and communication expenses	12,740	8,959
Insurance	9,092	8,640
Professional fees	5,287	6,182
Office expense	8,028	7,204
Travelling expenses	2,787	2,821
Research and development	1,272	1,669
Corporate social responsibility expenses	636	1,115
Exploration expenditure, including write offs	209	254
Other administration expenses	<u>22,035</u>	<u>19,100</u>
	<u>166,397</u>	<u>162,757</u>

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**
39. Administrative expenses (continued)

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

	30 June 2023 RO'000	30 June 2022 RO'000
Wages and salaries	129,682	140,896
Performance bonus	4,945	2,936
Contributions to defined contribution scheme	6,170	3,805
Other	11,783	10,755
	152,580	158,392

40. Impairment losses - (released) / charged – net

Charge / (reversal) of impairment on asset held for sale	-	44
Allowance for expected credit loss on trade receivables	864	713
Impairment (reversal) / charge on inventories	51	(15)
	915	742

41. Net finance cost
Finance income

Interest income	52,725	10,480
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Finance expense

Interest expense on borrowings	129,843	114,416
Unwinding of discount on site restoration costs (note 30)	3,587	3,734
Unwinding of commitment to MEM	(5,919)	(7,669)
Interest on lease liabilities	4,404	3,490
Other finance charges	2,159	1,022
	134,074	114,993

Foreign exchange (losses) / gains – net

Realised exchange gains / (losses)	(257)	3,168
Unrealised exchange (losses) / gains	3,370	(12,387)
	3,113	(9,219)
Net finance cost	78,236	113,732

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**
42. Income tax

Income tax expense is recognised at an amount determined by multiplying the profit (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 2023 is 6% (six months ended 30 June 2022: 3%). 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.

	30 June 2023 RO'000	31 December 2022 RO'000
Current liabilities		
Current year	17,238	27,973
Prior year	16,971	8,307
	34,209	36,280
Movement in net deferred tax (liabilities) / assets		
At 1 January	(151,289)	(169,339)
Movement during the period / year (statement of profit or loss)	(15,534)	35,161
Movement during the period / year (statement of other comprehensive income)	4,105	(12,281)
Movement during the year (acquired through business combination)	-	(4,831)
At 30 June 2023 / 31 December 2022	(162,718)	(151,290)

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

Deferred tax assets	19,811	19,404
Deferred tax liabilities	(182,529)	(170,694)
	(162,718)	(151,290)

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**

42. Income tax (continued)

	30 June 2023 RO'000	30 June 2022 RO'000
Profit or loss		
<i>Current tax expense</i>		
Current year	12,364	24,717
Prior year	453	-
	12,817	24,717
<i>Deferred tax expense</i>		
Current year	15,534	2,422
	15,534	2,422
Tax expense for the period	28,351	27,139

Global minimum tax

The Group has adopted International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12 upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure from 31 December 2023. The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2022 in any jurisdiction in which the Group operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Group's condensed interim financial statements.

The relief and the new disclosures will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2023.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2023 (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:

	30 June 2023	30 June 2022
Profit attributable to shareholders (RO'000)	<u>420,412</u>	<u>820,734</u>
Weighted average number of shares for basic and diluted EPS	<u>3,556,640,625</u>	<u>3,428,629,083</u>
Basic and diluted earnings per share (RO)	<u>0.118</u>	<u>0.239</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:

	30 June 2023 RO'000	31 December 2022 RO'000
Letter of credit	98,454	118,566
Performance guarantees and bonds	<u>1,230,821</u>	<u>1,241,191</u>
	<u>1,329,275</u>	<u>1,359,757</u>
Capital and expenditure commitments	<u>154,348</u>	<u>674,927</u>

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (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.

	30 June 2023 RO'000	31 December 2022 RO'000
<i>Financial assets measured at amortised cost</i>		
Due from related parties	200,054	159,508
Trade and other receivables	1,330,853	1,630,530
Concession receivables	798,666	815,071
Lease receivables	235,138	240,623
Contract assets	204,399	184,092
Cash and cash equivalents	1,050,386	985,359
Term deposits	726,468	593,632
Other non-current assets	6,881	7,105
	4,552,845	4,615,920
<i>measured at FVTPL</i>		
Investments	162	165
	4,553,007	4,616,085
<i>measured at FVTOCI</i>		
Derivatives	139,080	167,413
	4,692,087	4,783,498
<i>Financial liabilities measured at amortised cost</i>		
Loans and borrowings	3,870,188	4,096,374
Lease liabilities	188,030	196,998
Due to related parties	739,910	842,407
Trade and other payables	1,110,912	1,360,891
Other non-current liabilities	19,543	15,254
	5,928,583	6,511,924
<i>Financial liabilities measured at FVTPL</i>		
Commodity contracts	89,347	32,493
	6,017,930	6,544,417
<i>Financial liabilities measured at FVOCI</i>		
Interest rate hedges	105	105
	6,018,035	6,544,522

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2023 (continued)

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

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).

	30 June 2023			31 December 2022		
	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	-	-	162	-	-	165
Inventories (note 19)	-	185,900	-	-	198,079	-
Derivatives held for trading - net (note 21)	-	(71,418)	-	-	(13,922)	-
Cash flow and currency swaps - net (note 21)	-	121,046	-	-	148,737	-
	-	235,528	162	-	332,894	165

Movement in level 3 fair value is as follows:

	30 June 2023 RO'000	31 December 2022 RO'000
Balance as at 1 January	165	48,309
Reclassification during the year	-	(48,137)
Fair value changes	(3)	(7)
Balance at 30 June / 31 December	162	165

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 2023 and 31 December 2022 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 2023, there were no transfers between the levels for fair value measurement of the financial instruments held by the Group (31 December 2022: none).

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2023 (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)	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. 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.	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

Interest rate benchmark reform

In October 2020, the International Swaps and Derivatives Association (ISDA) published its fallback protocol containing clauses to amend derivative contracts on the cessation of LIBOR should an entity and its counterparties adhere to the protocol. The protocol's pricing mechanism is at fair market value. The Group has adhered and signed up to the protocol during the six months period ended 30 June 2023.

The Group completed its transition to alternative benchmark rates for non-derivative financial liabilities as at 30 June 2023 with carrying amount of OMR 683.33 Mn, the interest rate benchmark reform (IBOR), during the six months period ended 30 June 2023.

Certain of the Group's non-derivative financial liabilities with carrying amount of OMR 2,223.86 Mn are in the final stages of transitioning to alternative benchmark rates. However, before the cessation date, the Group has already set interest rate on these liabilities indexed to LIBOR on or before 30 June 2023 for the next 3-6 months interest periods.

The Group has non-derivative financial liabilities equivalent to OMR 1,033.83 Mn which are either in Fixed Rate or not indexed to LIBOR and hence there no transition required.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)****46. Operating segments****Basis for segmentation**

The Group's organizational structure reflects various activities in which it is engaged. At 30 June 2023, 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.

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.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)**
46. Operating segments (continued)

Six months period ended (RO'000) 30 June 2023	Reportable segments		All other segments	Consolidation adjustment and eliminations	Total
	Upstream	Downstream			
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>-</u>	<u>6,430,341</u>
Six months period ended (RO'000) 30 June 2022	Reportable segments		All other segments	Consolidation adjustment and eliminations	Total
	Upstream	Downstream			
External revenues	177,266	6,987,975	569,672	-	7,734,913
Inter-segment revenues	511,973	-	-	(511,973)	-
Profit after tax	<u>320,316</u>	<u>380,565</u>	<u>121,208</u>	<u>372</u>	<u>822,461</u>
Segment assets	3,066,053	7,517,698	1,598,092	-	12,181,842
Segment liabilities	<u>1,429,695</u>	<u>5,996,726</u>	<u>242,209</u>	<u>-</u>	<u>7,668,630</u>

Reconciliation of reportable segment profit or loss

	30 June 2023 RO'000	30 June 2022 RO'000
Total profit after tax for reportable segments	351,630	700,881
Profit before tax for other segments	<u>73,137</u>	<u>121,580</u>
Profit after tax	<u>424,767</u>	<u>822,461</u>

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2023 (continued)****47. Divestment strategy**

As a part of the Group divestment strategy, the Group is exploring the option for dilution or divestments of certain assets. As at 30 June 2023, the Group has assessed the classification of such assets as per *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* and none of the assets qualify for classification as non-current assets held for sale except for the assets as disclosed in note 16.

48. Subsequent events

Following Board and shareholders' approval, on 22 August 2023 a sale-purchase agreement was signed for partial divestment of 40% interest in Block 60 and Block 48. The transaction is now awaiting approval from regulatory authorities. The total sale consideration is OMR 548 Mn subject to adjustment for the period between the effective date (1 January 2023) and the date of the Royal decree. Management anticipates executing transaction before the end of 2023.

49. Approval of consolidated financial statements

These interim condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on 27th August 2023.

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

