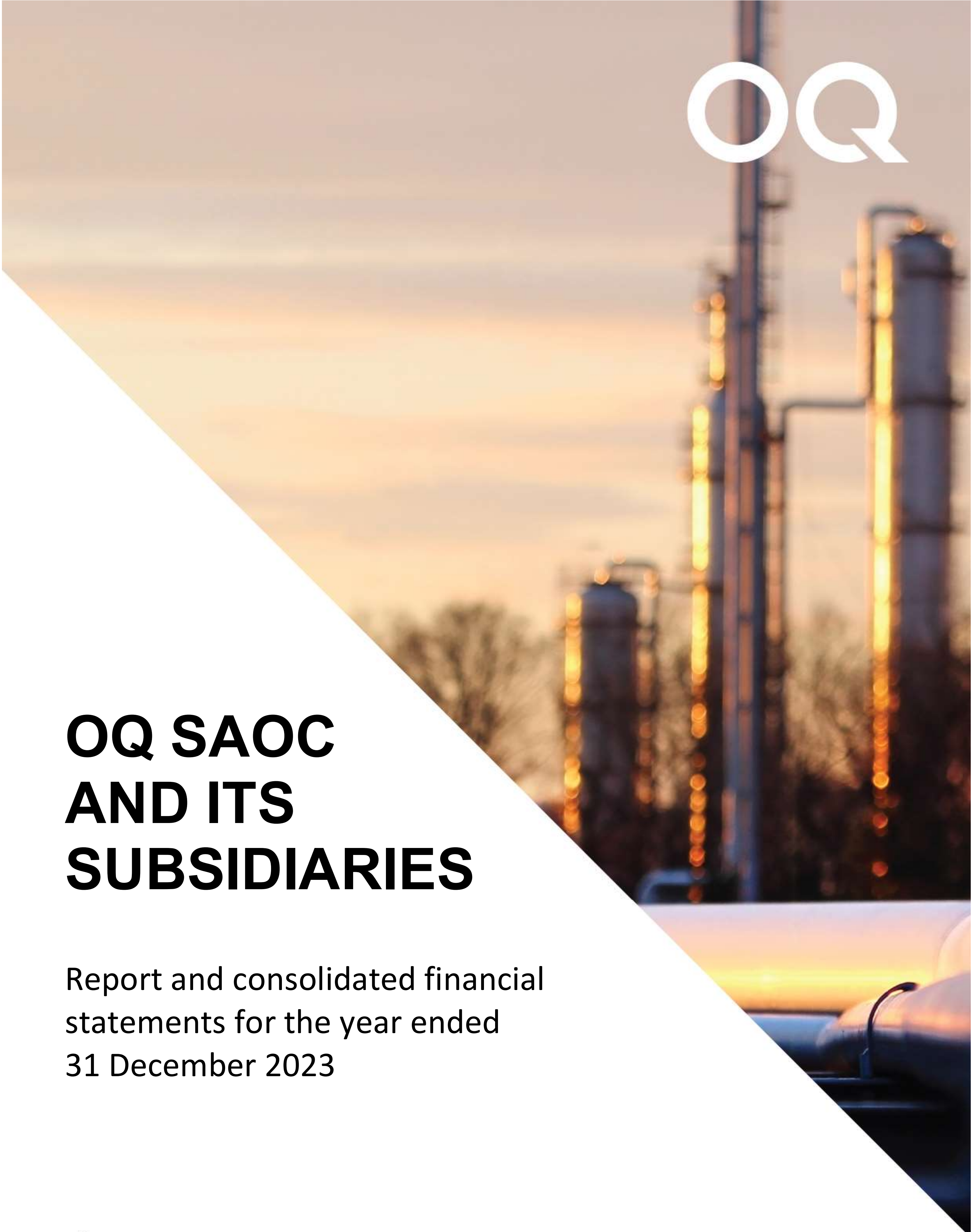

OQ SAOC AND ITS SUBSIDIARIES

Report and consolidated financial statements for the year ended 31 December 2023

Energy Beyond Limits

OQ SAOC AND ITS SUBSIDIARIES
Report and consolidated financial statements
for the year ended 31 December 2023

CHAIRMAN MESSAGE

Following OQ's remarkable financial results in 2022, which saw the Group witnessing the strongest financial and operational performance in its history, we continued to strive for consistent operational excellence across the business units, the implementation of cost optimisation initiatives, and the successful execution of key planned divestments. Financially, OQ maintained its resilience throughout 2023, particularly in the face of challenging and volatile markets experienced during the second quarter. The Group achieved an EBITDA of USD 5,137 Mn and a net profit of USD 2,518 Mn for the year. This achievement was primarily fueled by increased oil production and supported by high Oman Export Blend (OEB) prices, along with consistent operational performance and cost optimisation across the business units. Notably, as testimony to OQ's financial discipline, global credit rating agency Fitch Ratings revised the Group's standalone credit rating from b+ to bbb-, and Long-Term Issuer Default Rating (IDR) from 'BB' to 'BB+'. These strong results stand as testimony of OQ's financial discipline, commitment to operational reliability, and focus on financial sustainability.

Moreover, in line with Oman Vision 2040 objectives and given the Sultanate of Oman's target to empower the private sector, increase its contribution to the local economy, and attract foreign direct investment, OQ achieved several significant divestment milestones by attracting foreign investors to Block 48 and Block 60, and selling its 30% stake in Vale Oman, making it a 100% foreign-owned company. Additionally, we are proud to have witnessed the successful IPO of Abraj Energy Services in February 2023, which resulted in 8.7x oversubscription, followed by the IPO of OQ Gas Networks (OQGN) in October, which became the largest IPO listing in the history of Muscat Bourse. Both IPOs and divestments come as part of OQ's focus on asset rationalisation efforts to enter into partnerships that contribute towards attracting international know-how as well as contributing to the development of the Omani capital markets.

Alongside the Group's aforementioned accomplishments, OQ also maintained its focus on growth during the year and achieved several landmark milestones, beginning with the inaugurations of the OQ Ammonia Plant in Salalah and the Bisat Oil Field within Block 60 in January, which enabled OQ to achieve an 11% increase in daily production compared to 2022 and reach an average of 246 kboe/d in 2023. Additionally, the Group progressed several of its growth projects from the construction phase to the operational phases, with Oman Tank Terminal Company (OTTCO) in Duqm completing 19 shipments and transferring 26.6 Mn barrels of oil through its pipeline to OQ8 in 2023. At the same time, OQ Alternative Energy was able to advance several projects with

> **"As testimony to OQ's financial discipline, global credit rating agency Fitch Ratings revised the Group's standalone credit rating from b+ to bbb-, and Long-Term Issuer Default Rating (IDR) from 'BB' to 'BB+"**

partners, including signing project development agreements with Hydrom for the Hyport and Green Energy Oman (GEO) projects and OQGN being named by the Ministry of Energy and Minerals as the national champion for hydrogen transportation. Building on these successes, OQ was awarded by the Institute of Internal Auditors in recognition of the Group's commitment to adhering to the highest auditing standards.

OQ Assurance Function has been honoured with the prestigious 'Building Awareness Champion' award for 2023 by the Institute of Internal Auditors-IIA (the international auditing standards setting body), encompassing both the Global and Oman chapters. The award demonstrates the IIA's recognition of OQ's efforts and commitment to spread awareness about the role of internal audit, including but not limited to OQ's internal audit awareness campaign held in May 2023.

Furthermore, as part of OQ's continued interest in empowering young talents and developing national competencies, 2023 marked the conclusion of the 10th cohort of OQ's two-year graduate development programme, with over 200 Omani youth completing their employment training programme in technical and non-technical fields, including health and safety, engineering, finance, cybersecurity and more. Since its launch in 2011, the programme has welcomed more than 1,500 candidates into the Group, highlighting the concerted national efforts to empower Omani cadres.

The Board of Directors would like to extend its sincere appreciation to the Government of the Sultanate of Oman for its continuous support under the wise leadership and guidance of His Majesty Sultan Haitham bin Tarik. We would also like to extend our thanks to our Shareholder, the Oman Investment Authority and to all our employees for their steadfast support and commitment to contributing to the success of our beloved country.

In the journey ahead, OQ shall work hard to maintain its momentum and achieve its goals to unlock new opportunities and contribute to building a more prosperous and sustainable future for the Sultanate of Oman.

Mulham Basheer Al Jarf
OQ Chairman

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Independent auditors' report

To the Shareholder of OQ SAOC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of OQ SAOC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards)

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants *International* Code of Ethics for Professional Accountants *(including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Continued on page 2(b)

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Key Audit Matters (continued)

Revenue recognition

See Note 34 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group has recognised OMR 13,697 million revenue during the year of which sale of petroleum products constitutes a significant portion i.e. 92.5%. The Group's revenue from sale of petroleum products under IFRS 15 is primarily generated from the downstream entities for which the Group has contracts with customers. Revenue from sale of petroleum products from the downstream entities is based on the terms specified in the contract with customers and is recognised when the performance obligation is satisfied for the transaction. There is a significant risk of misstatement in recognition of revenue, hence, we have identified the recognition of revenue from sale of petroleum products from the downstream entities as a key audit matter, because of the voluminous transactions with varying terms to various customers across different geographical locations. The potential errors in the timing of revenue recognition at the Group's downstream entities could result in material misstatements in the consolidated financial statements of the Group when it recognises revenue.	Our audit procedures in this area included, amongst others: – Obtaining an understanding of the nature of the downstream entities revenue from sale of petroleum products, systems, and the relevant controls. – Evaluating the appropriateness of the Group's accounting policy for revenue recognition against the requirements of IFRS 15 and our understanding of the business. – Assessing the design and implementation of the controls over revenue recognition from the sale of petroleum products for the downstream entities. – On a sample basis obtained contracts with customers to understand the key delivery terms to be provided in those contracts to determine the different points of revenue recognition. – On a sample basis tested the timing of revenue recognition by the downstream entities and assessed whether the revenue is recognized on the satisfaction of the performance obligations and the Group's revenue recognition policy. – On a sample basis performing revenue cut-off procedures and selected a sample of invoices before and after year-end to test whether sales are recorded in the appropriate period. – Assessing the adequacy of the revenue disclosures made in accordance with the applicable financial reporting framework in the consolidated financial statements of the Group.

Continued on page 2(c)

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Other Information

Management is responsible for the other information. The other information comprises the Chairman's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the Commercial Companies Law of 2019 and the Ministerial Decision 146/2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Continued on page 2(d)

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Continued from page 2(c)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We report that these financial statements comply, in all material respects, with the applicable provisions of the Commercial Companies Law of 2019.

Further, as required by the applicable provisions of the Commercial Companies Law of 2019 and the Ministerial Decision 146/2021, we report that:

(i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

(ii) the Group has maintained accounting records and the consolidated financial statements are in agreement therewith;

(iii) the Group has carried out physical verification of inventories;

(iv) the financial information included in the Chairman's report is consistent with the books of accounts of the Group; and

(v) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year ended 31 December 2023 any of the applicable provisions of the Commercial Companies Law of 2019 or of its Articles of Association which would materially affect the financial performance and/or its financial position as at 31 December 2023.

KPMG

Mobeen Chaudhri

26 March 2024

KPMG LLC

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Consolidated statement of financial position as at 31 December

ASSETS	Notes	2023 RO'000	2022 RO'000
Non-current assets			
Property, plant and equipment	6	4,304,615	4,335,559
Oil and gas production and development assets	7a	956,300	1,174,296
Exploration and evaluation assets	7b	6,675	12,947
Right-of-use assets	8	215,181	183,219
Intangible assets	9	40,964	62,026
Goodwill	10	12,203	11,881
Investment in associates	11	182,452	234,763
Interest in joint ventures	12	705,846	470,115
Deferred tax assets	41	17,514	19,404
Concession receivables	13	772,022	782,488
Lease receivables	14	223,792	229,785
Contract assets	15	241,191	184,092
Derivatives	21	36,167	71,238
Due from related parties	31	94,029	86,625
Other non-current assets	18	12,802	7,105
Total non-current assets		7,821,753	7,865,543
Current assets			
Inventories	19	770,391	852,340
Trade and other receivables	20	1,448,706	1,630,530
Concession receivables – current portion	13	29,729	32,583
Lease receivables – current portion	14	5,989	10,838
Due from related parties	31	235,209	72,883
Investments at fair value through profit and loss	16b	165	165
Derivatives	21	63,648	96,175
Short-term deposits	17	720,343	593,632
Cash and cash equivalents	22	1,654,789	985,359
Total current assets		4,928,969	4,274,505
Other Investments and Assets held for Sale	16a	49,697	48,454
Total assets		12,800,419	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	508,450	282,628
Other reserve	25	(132,706)	(79,327)
Hedge and fair value reserve	26	123,625	187,054
Translation reserve	3.1	(5,662)	537
Retained earnings		1,910,042	1,267,954
Equity attributable to equity holders of the parent		5,960,390	5,215,487
Non-controlling interests	46	432,060	43,276
Total equity		6,392,450	5,258,763
Non-current liabilities			
Loans and borrowings	27	2,664,358	3,420,323
Lease liabilities	28	187,140	163,370
Employees' end-of-service benefits	29	61,960	53,058
Provisions	30	155,216	125,186
Due to related parties	31	9,242	9,242
Deferred tax liabilities	41	174,410	170,694
Other liabilities	32	19,669	15,253
Total non-current liabilities		3,271,996	3,957,126
Current liabilities			
Trade and other payables	33	1,082,249	1,360,891
Loans and borrowings	27	931,905	676,051
Lease liabilities	28	33,890	33,628
Derivatives	21	15,085	32,598
Due to related parties	31	942,377	833,165
Income tax	41	130,467	36,280
Total current liabilities		3,135,973	2,972,613
Total liabilities		6,407,969	6,929,739
Total equity and liabilities		12,800,419	12,188,502

These consolidated financial statements and the accompanying notes were approved and authorized for issuance by the Board of Directors on 26 March 2024

Chairman | Board member | Group Chief Executive Officer

The independent auditors' report is set forth on page 2(a) – 2(d). Chairman report (other information) will be on page 1

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December

	Notes	2023 RO'000	2022 RO'000
Revenue	*34*	**13,696,720**	15,067,452
Cost of sales	*34*	**(12,416,970)**	(13,285,897)
Gross profit		**1,279,750**	1,781,555
Investment income	*35*	**301,449**	4,764
Share of results of equity accounted investments	*36*	**75,822**	215,176
Other income	*37*	**52,927**	44,661
Administrative expenses	*38*	**(427,459)**	(357,649)
Charge/ (Reversal) of impairment loss	*39*	**(6,155)**	(710)
Operating profit		**1,276,334**	1,687,797
Finance income	*40*	**107,033**	45,624
Finance cost	*40*	**(281,358)**	(257,625)
Foreign exchange gain / (loss)	*40*	**5,680**	(4,800)
Profit for the year before tax		**1,107,689**	1,470,996
Income tax	*41*	**(138,039)**	15,190
Profit for the year		**969,650**	1,486,186
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference relating to subsidiaries		**(5,699)**	(28,658)
Foreign currency translation difference on investment in associates	*11*	**(672)**	(8,074)
Share of other comprehensive (loss) / income of associates and joint ventures	*26*	**(13,479)**	71,904
Effective portion of changes in fair value of cash flow hedges	*26*	**(62,574)**	158,879
Income tax on other comprehensive loss		**13,349**	(12,281)
Items not to be reclassified to profit or loss in subsequent periods			
Transfer to defined benefit plan, actuarial gains and losses		**789**	11,101
Other comprehensive (loss) / income, net of tax		**(68,286)**	192,871
Total comprehensive income for the year		**901,364**	1,679,057
Profit for the year attributable to:			
- Equity holders of the parent		**956,209**	1,482,343
- Non-controlling interests		**13,441**	3,843
Profit for the year		**969,650**	1,486,186
Total comprehensive income attributable to:			
- Equity holders of the parent		**887,923**	1,675,214
- Non-controlling interests		**13,441**	3,843
Total comprehensive income for the year		**901,364**	1,679,057
Earnings per share			
Basic and diluted earnings per share –Baisa	*42*	**269**	417

The accompanying notes form an integral part of these consolidated financial statements.
The independent auditors' report is set forth on page 2(a) – 2(d). Chairman report (other information) will be on page 1.

Consolidated statement of changes in equity
for the year ended 31 December 2023

	Share capital	Share capital pending registration	Statutory reserve	Other reserve	Hedge and fair value reserve	Translation reserve	Retained earnings	Equity attributable to equity holders of the parent	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 year	-	-	-	-	-	-	956,209	956,209	13,441	969,650
Other comprehensive income										
Foreign currency translation differences, net of tax	-	-	-	(172)	-	(6,199)	-	(6,371)	-	(6,371)
Changes in fair value of cash flow hedges, net of tax	-	-	-	-	(49,246)	-	-	(49,246)	-	(49,246)
Share of other comprehensive income associates and joint ventures	-	-	-	-	(13,458)	-	-	(13,458)	-	(13,458)
Defined benefit plan actuarial gains, net of tax	-	-	-	-	-	-	789	789	-	789
Other comprehensive income for the year	-	-	-	(172)	(62,704)	(6,199)	789	(68,286)	-	(68,286)
Total comprehensive income for the year	-	-	-	(172)	(62,704)	(6,199)	956,998	887,923	13,441	901,364
Dividend paid to equity holder	-	-	-	-	-	-	(131,038)	(131,038)	-	(131,038)
Divestment and liquidation	-	-	-	-	(725)	-	292	(433)	-	(433)
Initial Public Offerings (IPOs) (Note 46)	-	-	-	(11,549)	-	-	-	(11,549)	384,536	372,987
Transfer to statutory reserve (Note 24)	-	-	225,822	(41,658)	-	-	(184,164)	-	-	-
Total transactions with owner	-	-	225,822	(53,207)	(725)	-	(314,910)	(143,020)	384,536	241,516
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(9,193)	(9,193)
At 31 December 2023	3,556,447	194	508,450	(132,706)	123,625	(5,662)	1,910,042	5,960,390	432,060	6,392,450

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

The independent auditors' report is set forth on page 2(a) – 2(d). Chairman report (other information) will be on page 1.

Consolidated statement of changes in equity for the year ended 31 December 2023

	Share capital	Share capital pending registration	Statutory reserve	Other reserve	Hedge and fair value reserve	Translation reserve	Retained earnings/ (Accumulated losses)	Equity attributable to equity holders of the parent	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 2022	3,428,436	194	171,166	16,249	(23,388)	29,208	(114,028)	3,507,837	40,749	3,548,586
Profit for the year	-	-	-	-	-	-	1,482,343	1,482,343	3,843	1,486,186
Other comprehensive income										
Foreign currency translation differences, net of tax	-	-	-	-	-	(28,671)	-	(28,671)	-	(28,671)
Changes in fair value of cash flow hedges, net of tax	-	-	-	-	138,538	-	-	138,538	-	138,538
Share of other comprehensive income associates and joint ventures	-	-	-	-	71,904	-	-	71,904	-	71,904
Defined benefit plan actuarial gains, net of tax	-	-	-	-	-	-	11,101	11,101	-	11,101
Other comprehensive income for the year	-	-	-	-	210,442	(28,671)	11,101	192,871	-	192,871
Total comprehensive income for the year	-	-	-	-	210,442	(28,671)	1,493,444	1,675,214	3,843	1,679,057
Transfer to statutory reserve (Note 24)	-	-	111,462	-	-	-	(111,462)	-	-	-
Increase in share capital during the year	128,011	-	-	-	-	-	-	128,011	-	128,011
Business combination – Majis Acquisition	-	-	-	(95,576)	-	-	-	(95,576)	-	(95,576)
Total transactions with owner	128,011	-	111,462	(95,576)	-	-	(111,462)	32,435	-	32,435
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(1,316)	(1,316)
At 31 December 2022	3,556,447	194	282,628	(79,327)	187,054	537	1,267,954	5,215,487	43,276	5,258,763

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

The independent auditors' report is set forth on page 2(a) – 2(d). Chairman report (other information) will be on page 1.

Consolidated statement of cash flows for the year ended 31 December

	Notes	2023 RO'000	2022 RO'000
Cash flows from Operating activities			
Profit before tax		**1,107,689**	1,470,996
Adjustments for:			
Charge of impairment losses – net	*39*	**6,155**	710
Share of results of equity accounted investees	*36*	**(75,822)**	(215,176)
Depreciation and amortisation	*6*	**688,524**	687,390
Accrual for end of service benefits	*29*	**12,024**	10,335
Loss on disposal of property, plant and equipment		**11**	1,645
Gain on divestment of block 60	*35b*	**(274,658)**	-
Provision for natural gas	*30*	**27,822**	33,241
Unwinding of discount on site restoration and abandonment cost	*40*	**7,203**	7,870
Unwinding of commitment to MEM	*40*	**(7,661)**	(6,401)
Finance cost	*40*	**274,155**	249,755
Finance income	*40*	**(99,372)**	(39,223)
Unrealized gain / (loss) financial instruments through profit and loss account	*21*	**14,847**	(61,541)
		1,680,917	2,139,601
Changes in:			
Inventories		**54,732**	(77,056)
Trade and other receivables		**179,196**	(452,543)
Concession receivables		**30,423**	30,195
Lease receivables	14	**10,842**	9,644
Contract assets		**(1,652)**	10,485
Trade and other payables		**(275,425)**	140,832
Due from related parties		**(162,326)**	208,734
Due to related parties		**109,212**	350,797
Other movement in other non-current asset		**(5,697)**	(1,877)
Other movements in non-current liabilities		**4,415**	(4,819)
Cash generated from operating activities		**1,624,637**	2,353,993
Employees' end of service benefits paid	*29*	**(3,173)**	(3,142)
Income tax paid		**(25,537)**	(12,831)
Net cash from operating activities		**1,595,927**	2,338,020
Cashflows from investing activities			
Acquisition of property, plant and equipment	*6*	**(294,510)**	(149,723)
Acquisition of oil and gas exploration and production assets	*7*	**(238,757)**	(348,830)
Payment for intangible assets	*9*	**(18,168)**	(7,959)
Acquisition of contract assets and concession receivables	*13&15*	**(76,449)**	(49,715)
Proceeds from disposal of property, plant and equipment		**20,314**	441
Proceed from farm out transaction, net of transaction cost	*35b*	**443,951**	-
Additions of investment in equity accounted investees	*11 & 12*	**(333,248)**	(73,566)
Acquisition of subsidiaries	*2*	**-**	(34,657)
Proceeds on sales of held-for-sale investment	*16b*	**48,138**	173,792
Dividend received from equity-accounted investees	*11 & 12*	**158,271**	204,940
Loan given to related parties		**(7,832)**	(68,281)
Net movement in term deposits	*17*	**(126,711)**	(377,026)
Finance income received	*40*	**107,033**	45,624
Net cash used in investing activities		**(317,967)**	(684,960)
Cashflows from financing activities			
Interest paid		**(262,345)**	(236,493)
Dividends paid to non-controlling interests		**(9,193)**	(1,316)
Dividend paid to equity holder		**(131,038)**	-
Proceeds from loans and borrowings	*45*	**588,710**	225,174
Proceeds from IPO of OQ GN and Abraj, net of transaction costs		**372,987**	-
Repayment of loans and borrowings	*45*	**(1,103,857)**	(1,429,296)
Repayment of lease liabilities	*28*	**(35,052)**	(35,142)
Net cash used in financing activities		**(579,788)**	(1,477,073)
Net change in cash and cash equivalents		**698,171**	175,987
Translation adjustments		**(28,742)**	(28,671)
Cash and cash equivalents at the beginning of the year		**985,359**	838,043
Cash and cash equivalents at end of the year	*22*	**1,654,789**	985,359

The accompanying notes form an integral part of these consolidated financial statements.
The independent auditors' report is set forth on page 2(a) – 2(d). Chairman report (other information) will be on page 1.

Notes to the consolidated financial statements for the year ended 31 December 2023 (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 consolidated financial statements as at and for the year ended 31 December 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 primarily is 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" or "the Shareholder"). The Group is ultimately owned and controlled 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)		Sultanate of Oman	**49%**	49%
Oman Tank Terminal Company LLC (OTTCO)		Sultanate of Oman	**100%**	100%
Oman Gas International LLC	iii	Cayman Island	**100%**	100%
Duqm Petroleum Terminal Company LLC (DPTC)		Sultanate of Oman	**100%**	100%
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)	iii	Cayman Islands	**100%**	100%
Oman Oil Company Limited (OOCL)		Bermuda	**100%**	100%
OQ Exploration and Production LLC (OQEP)	i	Sultanate of Oman	**100%**	100%
Abraj Energy Services SAOG	ii	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%
OQ Gas Networks SAOG (OQ GN)	ii	Sultanate of Oman	**51%**	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%

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

2. Group entities (continued)

Company name	Country of incorporation	% holding 2023	% holding 2022
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 Plastics LLC	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) LLC	Sultanate of Oman	**100%**	100%
OQ Methanol (SFZ) LLC	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	Participating Interest 2022	Operator	Activity
Block 60	60%	100%	OQEP	Exploration and production
Block 48	60%	100%	OQEP	Exploration
Block 42	50%	50%	OQEP	Exploration
Block 10	20%	20%	Shell Oman	Exploration and production
Block 9	45%	45%	Occidental	Exploration and production
Block 61	30%	30%	BP	Exploration and production
Block 65	27%	27%	Occidental	Exploration and production
Block 30	27%	27%	Occidental	Exploration and production
Karim	25%	25%	Medco	Production service agreement
Rima	25%	25%	Petrogas	Production service agreement
Block 53	20%	20%	Occidental	Exploration and production
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 consolidated financial statements for the year ended 31 December 2023 (continued)

2. Group entities (continued)

ii. Changes in structure

Block 48

During the year 2023, the Group entity OOCEP entered into a farm out agreement dated 22 August 2023 with MedcoEnergi Oman Block 48 Limited, Oman Branch and Medco Daya Oman Block 48 Pte Ltd, Oman Branch (“The buyers”) to divest its 40% Working Interest (“WI”) in Block 60 for a consideration of RO 11.5 million which was received on 12 December 2023. The Government approved the above agreement with effective from 20 November 2023 vide Royal decree 85/2023

Block 60

During the year 2023, the Group entity OOCEP entered into a farm out agreement dated 22 August 2023 with MedcoEnergi Oman Block 60 Limited, Oman Branch and Medco Daya Oman Block 60 Pte Ltd, Oman Branch (“The buyers”) to divest its 40% Working Interest (“WI”) in Block 60 for a consideration of RO 400.8 million which was received on 12 December 2023. The Government approved the above agreement with effective from 20 November 2023 vide Royal decree 86/2023.

Abraj Energy Services SAOG

During the year 2023, the Group sold its stake in Abraj of 49% to the public. Abraj was formally listed on the Muscat Stock Exchange (MSX) on March 14, 2023 with total issued share capital of 377.4 million shares which representing 49% shares from the share capital while 51% is under OQ Group.

OQ Gas Networks SAOG (OQ GN)

During the year, the Group sold its stake in OQ GN by 49% to the public. OQ GN was formally listed on the Muscat Stock Exchange (MSX) on October 24, 2023, with total issued share capital of 2,122 million shares which representing 49% shares from the share capital while 51% is under OQ Group.

Divestment of Oman International Petrochemical Industry Company LLC (OMPET)

The Group owned 20% of the share capital of Oman International Petrochemical Industries Company LLC (OMPET). This company was incorporated during 2013 and was engaged in manufacturing PTA and PET products. As at 31 December 2019, Board of OQ SAOC (parent company) reviewed the project status for OMPET and decided to withdraw this project, since the project was not economically viable. Based on the Board decision, liquidation process of OMPET was completed during 2023.

Vale Pelletizing Company LLC

During the year 2023, the investment in Vale Pelletizing Company LLC has been disposed off by exercising the put option for a consideration of RO 48,138 million which was classified as financial asset under the provisions of IFRS 9, and, as such, was reported at Fair Value Through Profit or Loss. The Parent Company invested RO 48.138 million under a Shareholder’s Agreement between

2. Group entities (continued)

the Parent Company, and Vale International SA and Vale Oman Pelletizing Company LLC ("VOPC") dated 29 May 2010 (the "Shareholder's Agreement").

Gulf Energy Maritime PJSC (GEM)

During the year 2023, the Group sold out their investment for RO 23.5 million which was representing 30.4% stake in GEM, classified as investment in associates. The company was fully impaired due to continuous losses.

In 2023, the following companies were liquidated:

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

3. Basis of preparation

3.1 Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by IASB, and the applicable requirements of the Commercial Companies Law 2019 and Ministerial Decision 146/2021 issuing Commercial Companies' Regulations.

The consolidated financial statements are prepared under the historical cost convention except for investments at fair value through profit and loss and derivatives, which are measured at fair value, employees' end of service benefits which are measured at present value of defined benefit obligation, commodity trading inventory which are measured at fair value less cost to sell and assets held for sale which is measured at lower of carrying value or fair value less cost to sell. The consolidated financial statements are prepared under the going concern assumption.

The Group comprises operations with a number of functional currencies. The Parent Company's functional currency is Rial Omani ("RO"). Management uses RO for controlling and maintaining the performance and financial position of the Group and accordingly the consolidated financial statements are presented in Rial Omani.

All financial information presented in RO has been rounded to the nearest thousand, unless otherwise indicated.

A substantial number of transactions of the Group are denominated in USD which is exchanged at fixed rate of RO O.3851 since 1986. Apart from USD, the Group has significant transactions and balances in Euro with relevant exchange rate being disclosed in Note 44(ii).

3. Basis of preparation (continued)

3.1 Statement of compliance (continued)

All financial information presented in RO has been rounded to the nearest thousand, unless otherwise indicated.

A substantial number of transactions of the Group are denominated in USD which is exchanged at fixed rate of RO O.3851 since 1986. Apart from USD, the Group has significant transactions and balances in Euro with relevant exchange rate being disclosed in Note 44(ii).

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3. Basis of preparation (continued)

3.2 Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interests
- derecognises the cumulative translation differences recorded in equity
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Transactions with non-controlling interests

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

When the Group ceases to have control or significant influence, any retained interest in the entity is re measured to its fair value, with the change in carrying amount recognised in profit or loss.

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

Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement and have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

3. Basis of preparation (continued)

3.2 Basis of consolidation (continued)

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not separately tested for impairment.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss and represents share of profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Impairment' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3. Basis of preparation (continued)

3.2 Basis of consolidation (continued)

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of that arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group’s consolidated financial statements only to the extent of other parties’ interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Transactions with related parties
The Group has applied the exemption under IAS 24 paragraphs 25 and 26, and has reduced the level of disclosure about the related parties’ transactions and outstanding balances, including commitments related to:

(a) a government that has control or joint control of, or significant influence over, the reporting entity; and

(b) another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity.

In applying the exemption, the Group has disclosed the following related to the transactions and related outstanding balances:

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3. Basis of preparation (continued)

3.2 Basis of consolidation (continued)

(a) the name of the government and the nature of its relationship with the reporting entity (i.e. control, joint control or significant influence) ;

(b) the following information in sufficient detail to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements:

(i) the nature and amount of each individually significant transaction; and

(ii) for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

3.3 Application of new and revised International Financial Reporting Standards (IFRSs)

New and amended IFRS that are effective for the current year.

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 on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases and decommissioning liabilities by applying the " integrally linked ' approach, resulting in a similar outcome as under 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 and a deferred tax liability in relation to its right - of - use assets. 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.

B. Global minimum top - up 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.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

3. Basis of preparation (continued)

3.3 Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)

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 tax was recognised at that date, the retrospective application has no impact on the Group's consolidated financial statements.

C. Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.
The amendments require the disclosure of " material “, rather than " significant, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity - specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 4 Summary of material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments. "

New and revised IFRS in issue but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

New standards or amendments	Effective date
▪ Classification of Liabilities as Current or Non-current – Amendments to IAS 1 *Presentation of Financial Statements*	1 January 2024
▪ Lease Liability in a Sales and Leaseback – Amendments to IFRS16	1 January 2024
▪ *Supplier Finance Arrangements-to IAS 7 and IFRS 7*	1 January 2024

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3. Basis of preparation (continued)

3.3 Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)

▪ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*	Available for optional adoption / effective date deferred indefinitely

There are no other standards, amendments and interpretations that are not yet effective that are expected to have a material impact in the current or future reporting periods or on foreseeable future transactions.

4. Summary of material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the periods presented, unless otherwise stated.

4.1 Oil and natural gas exploration, evaluation and development expenditure

Oil and natural gas exploration, evaluation and development expenditure is accounted for using the successful efforts method of accounting.

Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

Licence and property acquisition costs

Exploration licence acquisition costs are capitalised in intangible assets. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount.

Upon estimation of proven reserve and internal approval for development, the relevant expenditure is transferred to oil and gas assets.

Exploration and evaluation costs

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

4. Summary of material accounting policies (continued)

4.1 Oil and natural gas exploration, evaluation and development expenditure (continued)

Exploration and evaluation (E&E) activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Costs directly associated with exploration wells are capitalised as E&E intangible assets until the drilling of the well is complete and the results have been evaluated. Costs include directly attributable to employee remuneration, materials and fuel used, rig costs and payments made to contractors. Geological and geophysical costs are expensed as incurred.
If no potentially commercial hydrocarbons are discovered, the E&E asset is written off. If potentially commercial hydrocarbons are found the costs continue to be carried as an intangible asset while the discovery is appraised. Costs directly associated with appraisal activity are initially capitalised as an intangible asset. All capitalised E&E costs are subject to technical, commercial and management review, as well as a review for indicators of impairment at least once a year. Where it is determined that a discovery is not potentially commercial the costs are written off as an exploration expense.

On commencement of development capitalised E&E expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to fixed assets. Other than licence costs, no amortisation is charged during the E&E phase.

Policies relating to borrowing costs, site restoration costs and level of impairment testing are same as disclosed in 4.2 and 4.11 for property plant and equipment and oil and gas property.

Farm-outs - in the exploration and evaluation phase

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained.

Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest.

Farm-outs - other than in the exploration and evaluation phase

In accounting for a farm-out arrangement other than in the exploration and evaluation phase, the Group:

- Derecognises the proportion of the asset that it has sold to the farmee.

- Recognises the consideration received or receivable from the farmee, which represents the cash received and/or the farmee's obligation to fund the capital expenditure in relation to the interest retained by the farmor.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

4. Summary of material accounting policies (continued)

4.1 Oil and natural gas exploration, evaluation and development expenditure (continued)

- Recognises a gain or loss on the transaction for the difference between the net disposal proceeds and the carrying amount of the asset disposed of. A gain is recognised only when the value of the consideration can be determined reliably. If not, then the Group accounts for the consideration received as a reduction in the carrying amount of the underlying assets.

- Tests the retained interests for impairment if the terms of the arrangement indicate that the retained interest may be impaired.

Development costs

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within fixed assets.

Oil and gas properties and other properties, plant and equipment

Initial recognition

Oil and gas assets and other property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The depreciation on Right of use assets that is being used for developing an asset also included within property, plant and equipment.

When a development project moves into the production stage, the capitalisation of development costs ceases, and subsequent costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to asset additions, improvements or new developments.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Major maintenance, inspection and repairs

Expenditure on major maintenance, refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off. Inspection costs associated with major

4. Summary of material accounting policies (continued)

4.1 Oil and natural gas exploration, evaluation and development expenditure (continued)

maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

Depreciation / amortisation

The net book value of producing assets are depreciated on a unit-of-production basis over the total proven and probable reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. The total proven and probable reserves of the field are reviewed at least annually. The unit-of-production rate calculation takes into account expenditures incurred to date, together with sanctioned and projected future development expenditure.

Other property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives, and major inspection costs are amortised over three to five years, which represents the estimated period before the next planned major inspection.

Items of property, plant and equipment are measured at cost less accumulated depreciation / depletion and impairment losses.

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

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting date and adjusted prospectively, if appropriate.

The consideration receivable on disposal of an item of property, plant and equipment is recognised initially at its fair value by the Group. However, if payment for the item is deferred, the consideration received is recognised initially at the cash price equivalent. The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue.

Any part of the consideration that is receivable in the form of cash is treated as a financial asset and is accounted for at amortised cost, if it meets the criteria of SPPI test.

The estimated useful lives of all the other assets for current and comparative periods are as follows:

	Years
Buildings	5 - 50
Furniture and office equipment	2 - 15
Plant, equipment and vehicles	2 - 40

4. Summary of material accounting policies (continued)

4.1 Oil and natural gas exploration, evaluation and development expenditure (continued)

Capital work-in-progress

Capital work-in-progress is stated at cost less any impairment losses. When commissioned, capital work-in-progress is transferred to the appropriate plant and equipment category and depreciated in accordance with depreciation policies of the Group.

Emission rights

In order to protect the environment and limit the emission of carbon dioxide, there is a system in the European Union of pollution rights which are to a certain extent granted free of charge by the European Union whereas missing quantities have to be purchased in the market at fluctuating prices. At present, the accounting for such emission rights is not clearly regulated by IFRS. The Group accounts for these rights as follows: At the time the Group receives emission rights from the government, these are not recognized in the balance sheet since the amount paid is nil and the rights are assigned free of charge. In the case where the Group buys additional emission rights, these rights are recorded at historical average cost. When the rights are used in operating activities, this is recognized as an expense in the statement of income.

Rhodium

The Group uses rhodium catalysts in its production processes. The base catalyst load contained in the reactors is accounted for as a fixed asset and amortized on a straight-line basis over the useful life. Rhodium catalysts which are being recycled are accounted for as inventory. Inventory quantities are estimated after taking into account expected recovery rates for used catalysts.

4.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method except for transaction under common control. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

4. Summary of material accounting policies (continued)

4.2 Business combinations and goodwill (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IFRS 9, then it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

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

Transactions under Common Control

The Group follows the predecessor accounting method when there is business combination under common control. Moreover, the Group adopts retrospective presentation method as if both acquirer and acquiree had always been combined or using the results from the date when either entity joined the Group, where such a date is later.

Under predecessor accounting method, the acquirer continues to adopt the value of the assets and liabilities as per the book value in the acquired entity, even after transfer of shareholding. Any excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the book value of the net identifiable assets acquired and liabilities assumed is transferred to other reserves in equity.

4. Summary of material accounting policies (continued)

4.3 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Expenditure incurred for Internally generated intangibles, excluding capitalised development costs, are not capitalised and are reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation methods, useful lives and residual values are reviewed at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed at each reporting date, to determine whether the indefinite life continues to be supportable at the reporting date. If assessment does not to carry intangible assets with indefinite useful lives, then change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Technology, customer relationship and trademarks

As part of the purchase price allocation performed by the Group on the acquisition of OQ Chemicals, the Group had identified and recorded intangible assets relating to trademarks, customer relationships and technology (refer to Note 9).

The estimated useful lives of the Group's major intangible asset classes for current and comparative periods is as follows:

- Know-how, patents and other production technologies 2.5 – 20 years
- Customer relationship and similar rights 1.3 – 10 years
- Software 1.8 – 5 years
- Other rights and values 3 years

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

4. Summary of material accounting policies (continued)

4.4 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise purchase cost and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in selling. The cost of the inventory is determined using FIFO method.

The valuation approach for OQT inventory is based on OQT's specific activities in relation to each product. Physical commodities principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin are held at fair value less costs to sell. These commodities include crude oil, refined products, petrochemicals and liquefied natural gas. Movements in the fair value of inventory between reporting dates are directly recognised in cost of sales. The fair value is measured with reference to observable market prices.

4.5 Employees' end-of-service benefits

The Group's obligation for contributions to defined contribution pension plans are recognised as an expense when due. The Group's obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

Group entities registered in Oman make payment to the Omani Government Social Security scheme under Royal Decree 72/91 for Omani employees, calculated as a percentage of the employees' salary. The Group's obligations are limited to these contributions, which are expensed when due.

The Group entities operating in Oman also provide end-of-service benefits to its expatriate employees. End-of-service benefits are accrued in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 and its amendments subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The liability for end of service benefits recognized based on actuarial valuation using projected unit credit method.

Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

Liabilities for defined benefit plans for OQ Chemicals are measured using the projected unit credit method, taking into account not only the pension obligations and vested pension rights known at the reporting date, but also expected future salary and benefit increases. Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recorded in other comprehensive income. Service costs are classified as administrative expenses. Interest costs are charged to the statement of comprehensive income. The amounts payable under defined -

4. Summary of material accounting policies (continued)

4.5 Employees' end-of-service benefits (continued)

contribution plans are expensed when the contributions are due and classified as administrative expenses. Past service costs are recognized immediately in the consolidated statement of comprehensive income, regardless of vesting requirements. For funded plans, OQ Chemicals offsets the fair value of the plan assets with the benefit obligation.

Remeasurements in the net defined benefit liability comprising actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI.

These defined benefit plans expose OQ Chemicals to actuarial risks, such as longevity risk, currency risk and interest rate risk.

4.6 Foreign currency transactions

Transactions in foreign currencies are translated into Rial Omani at exchange rates ruling at the value dates of the transactions. Monetary assets and liabilities denominated in foreign currencies (including monetary assets and liabilities considered as a net investment in foreign operation) are translated into Rial Omani at exchange rates ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised costs in the Rial Omani at the beginning of the period, adjusted for effective interest and payments during the period and the amortised costs in foreign currency translated at the exchange rate at the end of the period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Rial Omani at the exchange rate at the date that the fair value was determined. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

On consolidation, the assets and liabilities of foreign operations are translated into Rial Omani at the rate of exchange prevailing at the reporting date. The statement of income and corresponding profits and losses of group entities denominated in a foreign currency are translated at monthly average exchange rates which approximate the exchange rate at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income and a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at closing rate.

4. Summary of material accounting policies (continued)

4.7 Leases

Group as a lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments in an optional renewal period, if the Group is reasonably certain to exercise an extension option;
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

4. Summary of material accounting policies (continued)

4.7 Leases (continued)

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- Upon implementation of LIBOR transition, remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the statement of financial position. The Group applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'impairment of non-financial assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss. As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

4. Summary of material accounting policies (continued)

4.7 Leases (continued)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group net investment in the leases.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

4.8 Concession arrangement

Infrastructure

As disclosed in Note 13, the Group has applied IFRIC 12 in relation to the Concession Agreement with the Government of Sultanate of Oman.

Infrastructures within the scope of the IFRIC 12 are not recognized as property, plant and equipment of the Group. Under the terms of the Concession Agreement the Group acts as an operator. The Group constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time.

In accordance with the requirements of the IFRIC 12 a financial asset has been recognised where the Group constructs or upgrades the infrastructure and is permitted to operate it over the concession period for an agreed revenue to be received during the period of operation. This financial asset covers the costs incurred in relation to the construction of the Gas Transmission Network.

In the financial asset model, the amount due from the Government or the shipper meets the definition of a financial asset which is accounted for in line with the accounting policies stated below relating to the financial assets.

The Group recognizes and measures revenue in accordance with IFRS 15 for the services it performs.

Revenue and costs relating to the construction or upgrade are being recognised in income over the construction phase of the arrangement in accordance with IFRS 15 "Revenue from Contracts with

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

4. Summary of material accounting policies (continued)

4.8 Concession arrangement (continued)

Customers". Therefore, subject to the requirements of IFRS 15, revenue is being recognised by reference to the stage of completion of the construction project. Contract revenue is the fair value of the amount due from the Government for the construction activity. The construction revenue recognised to date is recognised as a contract asset. Accounting policy details are stated below in the revenue recognition section.

4.9 Financial Instruments

In the normal course of business, the Group uses financial instruments, principally investments in equity securities, trade and other receivables, cash and cash equivalents, term deposits, concession receivables, lease receivables, dues from related parties, due to related parties, loans and borrowings, trade and other payables and derivatives.

Recognition / derecognition

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (in whole or in part) is derecognized when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new financial liability based on modified terms at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the statement of profit or loss or in the statement of comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the marketplace.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Group updated the effective interest rate of the financial asset or financial liability to reflect the change

4. Summary of material accounting policies (continued)

4.9 Financial Instruments (continued)

that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first update the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

Classification

Financial assets

The Group classifies its financial assets as follows:

- Financial assets at amortised cost
- Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)
- Financial assets at Fair Value Through Profit or Loss (FVTPL)

To determine their classification and measurement category, all financial assets, except equity instruments and derivatives, is assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable (i.e. financial assets are held for trading purposes), then the assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Contractual cash flow characteristics test

4. Summary of material accounting policies (continued)

4.9 Financial Instruments (continued)

The Group assesses whether the financial instruments' cash flows represent Solely for Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Group reclassifies a financial asset only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Measurement

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets at FVOCI

A debt instrument is measured at FVOCI if it is not designated as at FVTPL and satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows and to sell. These assets are subsequently measured at fair value, with change in fair value recognized in OCI. Interest income calculated using effective interest method, foreign exchange gains/losses and impairment are recognized in the consolidated statement of profit or loss. On de-recognition, gains and losses accumulated in the OCI are reclassified to consolidated statement of profit and loss.

For an equity instrument; upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by- instrument basis. Gains and losses on these equity instruments are never recycled to consolidated statement of profit or loss. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses may be reclassified from fair value reserve to retained earnings in the consolidated statement of changes in equity.

Financial asset at FVTPL

Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. This also includes equity instruments held-for-trading and are recorded and measured in the consolidated statement of financial position at fair value.

4. Summary of material accounting policies (continued)

4.9 Financial Instruments (continued)

Changes in fair values and dividend income are recorded in the consolidated statement of profit or loss according to the terms of the contract, or when the right to receive has been established.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Measurement

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial guarantees

Financial guarantees are initially recognized at fair value.

Subsequently it is measured at the higher of the amount initially recognized less any cumulative amortization and the best estimate of the present value of the amount required to settle any financial obligation arising as a result of the guarantee.

Impairment

Group recognizes ECL for all financial assets at amortised cost; contract assets, concession receivable and lease receivable using the general approach and uses the simplified approach for trade receivables as allowed by IFRS 9.

General approach

The Group applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party

4. Summary of material accounting policies (continued)

4.9 Financial Instruments (continued)

occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset.

Simplified approach

The Group applies simplified approach to measuring credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Measurement ECLs

ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default.

The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group incorporates forward-looking information based on expected changes in macro-economic factors in assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

4. Summary of material accounting policies (continued)

4.9 Financial Instruments (continued)

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Derivative financial instruments and hedging activities

The Group enters into a derivative financial instrument to manage its exposure to interest rate and commodity price due to market fluctuation. Further details of derivative financial instruments are disclosed in Note 21.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not Hedges directly affected by interest rate benchmark reform.

The Group has adopted the Phase 2 amendments and will apply them retrospectively. The Group will implement the below policies when it replaces the benchmark interest rate in any of the hedged item or hedging instrument with a new alternative benchmark rate.

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform. For this purpose, the Group amends the hedge designation only to make one or more of the following changes:
expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

4. Summary of material accounting policies (continued)

4.9 Financial Instruments (continued)

– designating an alternative benchmark rate as the hedged risk;
– updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
– updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

– it makes a change required by IBOR reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
– the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by IBOR reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

Hedge accounting

The Group designates derivatives as hedging instruments in respect of interest rate risk in cash flow hedges and commodity price due to market fluctuation.

At the inception of the hedge relationship, the Group entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

4. Summary of material accounting policies (continued)

4.9 Financial Instruments (continued)

and on an ongoing basis, the Group entity documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group entity adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Note 21 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are detailed in Note 26.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of Cumulative changes in fair values, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the ‘other gains and losses’ line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Company expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group entity discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

4. Summary of material accounting policies (continued)

4.9 Financial Instruments (continued)

Cost of hedging reserve

The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in OCI and accounted for similarly to gains or losses in the hedging reserve.

Financial assets and financial liabilities are offset and reported on a net basis in the accompanying consolidated statement of financial position when a legally enforceable right to set off such amounts exists and when the Group intends to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

4.10 Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

4. Summary of material accounting policies (continued)

4.10 Impairment of non-financial assets (continued)

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

4.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of this discounting is recognised as finance cost.

Amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Site restoration costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the site restoration liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs and discount rates of site restoration are reviewed at regular intervals and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

4.12 Fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods.

4. Summary of material accounting policies (continued)

4.12 Fair values (continued)

Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group’s accounting policies. For

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

4. Summary of material accounting policies (continued)

4.12 Fair values (continued)

this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

4.13 Revenue recognition

IFRS 15 “Revenue from contracts with customers” outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled for those goods and services.

The process for applying the standard is separated into five steps:

- Step 1 – Identify the contract with a customer
- Step 2 – Identify the separate performance obligations in the contract
- Step 3 – Determine the transaction price
- Step 4 – Allocate the transaction price to the separate performance obligations in the contract
- Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group 's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance obligation completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Group’s activities. Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably and is stated net of sales taxes if applicable (such as VAT) and discounts. If advances are received from customers for future contractual services, the revenue is deferred until the services are provided.

Where revenue contains a significant financing element, the financing element is shown as a financing item and revenues are adjusted by a corresponding amount.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

4. Summary of material accounting policies (continued)

4.13 Revenue recognition (continued)

The Group has concluded that it is the principal in all of its revenue arrangements, since it is the primary obligor, and is also exposed to the risk of loss of inventory except in the case of Gas Purchase and Sale agreement with Dolphin Energy.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product / service	Nature and timing of satisfaction of performance obligations	Revenue recognition policies
Sales of petroleum products	Customers obtain control when the risk and control of goods are passed to the customers to the customer in accordance to agreed shipping term. Invoices are generated at that point in time. No discounts are provided for products. Invoices are usually payable within 30 - 45 days.	Revenue related to the sale of goods is recognised at a point in time when title to the goods is transferred to the customer in accordance with the performance obligations under the contract and the buyer has gained control through their ability to direct the use of and obtain substantially all the benefits from the asset. For certain commodities, the sales price is determined on a provisional basis at the date of sale as the final selling price is subject to movements in market prices up to the date of final pricing (provisionally priced sales). Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. The revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative. Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognised as an adjustment to revenue. In all cases, fair value is estimated by reference to forward market prices.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

4. Summary of material accounting policies (continued)

4.13 Revenue recognition (continued)

Type of product / service	Nature and timing of satisfaction of performance obligations	Revenue recognition policies
Sale of aluminum products	The Group recognizes revenue when (or as) it satisfies a performance obligation by transferring a good or service to a customer. An entity 'transfers' a good or service to a customer when the customer obtains control of that good or service. Invoices are usually payable within 30 days.	The revenue comprises of sale of aluminum coils that are recognized at the point in time as the performance obligation is satisfied. The Group assess the transfer of control to a customer based on agreed shipping term. There is no significant judgment involved on revenue recognition.
Sale of chemical products	The performance obligations are mainly satisfied at a point in time. Revenues on these contracts are recognized when the customers obtain control of the asset. One component besides others relevant for the determination of transfer of control to a customer is the agreed incoterm. For some incoterms in use by the Group one prerequisite for the transfer of control is the delivery of the bill of lading to the customer. Invoices are usually payable within 30 days.	The revenue comprises of sale of chemical products that are recognized at the point in time as the performance obligation is satisfied. The Group assess the transfer of control to a customer based on agreed shipping term. There is no significant judgment involved on revenue recognition.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

4. Summary of material accounting policies (continued)

4.13 Revenue recognition (continued)

Type of product / service	Nature and timing of satisfaction of performance obligations	Revenue recognition policies
Service revenue – Construction related revenue	Revenue from construction of the Infrastructure is recognised over time on a surveys of performance completed to date or stage of completion. The Company becomes entitled to invoice the Shipper for construction of the infrastructure when the infrastructure asset is completed and commissioned. Under the Concession Agreement and RAB Rules, the Company invoices to the Shipper for the revenue allowed under the RAB rules. Pass through cost related revenue is recognised when the related costs are incurred satisfying the performance obligations. The Company invoices allowance for expenditures and pass-through cost to the Shipper on monthly basis.	Revenue is measured at the amount the entity expects to receive and recognize in exchange for goods and services when control of the agreed goods or services and the benefits obtainable from them are transferred to the customer. Control can be transferred at a certain point in time. The performance obligations arising from contracts with the Group's customers are almost always satisfied at a point in time.

4. Summary of material accounting policies (continued)

4.13 Revenue recognition (continued)

Type of product / service	Nature and timing of satisfaction of performance obligations	Revenue recognition policies
Service revenue – Oil field services	Invoices for services revenue are issued on a monthly basis or earlier in case work is done before a month. The contract does not contain any significant financing component. Invoices are usually payable within 30 days.	Revenue is recognized over time as the services are provided. The stage of completion for determining the amount of revenue to recognize is assessed based on surveys of work performed. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative standalone selling prices. The standalone selling price is determined based on the list prices at which the Company sells the services in separate transactions. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.
Others	Major other revenues consist of services such as water treatment and tanking and terminal facilities. Performance obligation satisfied over the period of time based on the services provided. The invoicing arrangements is based on the contracts bond with the customer.	Revenue is recognized based on the services provided for the customers during the period. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.

4.14 Finance income and expenses

Interest income is recognised as the interest accrues using the effective interest rate method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset at the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are added to the cost of the respective assets. Interest revenue earned on deposits of borrowed funds is netted off against the cost of the borrowed funds as allowed by IAS 23. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

4. Summary of material accounting policies (continued)

4.15 Investment income

Investment income comprises dividend income, gains and losses on sale of investments and fair value changes on investments held at fair value through profit and loss and held for trading. Dividend income is recognised when the right to receive the dividend is established.

4.16 Income tax

Income tax expense comprises current and deferred tax. Taxation is provided based on relevant laws of the respective countries in which the Group operates. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Income tax is recognised in the profit or loss except to the extent that it relates to items recognised through OCI or directly in equity, in which case it is recognised through OCI or directly in equity respectively. Deferred tax assets/liabilities are calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. The carrying amount of deferred income tax assets/liabilities is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group entity or an associate or a joint venture operates, and its subsidiaries and associates operate and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

4.17 Directors’ remuneration

The board of directors’ remuneration is accrued within the limits and the requirements of the Commercial Companies Law of the Sultanate of Oman.

4.18 Dividend on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Parent’s shareholders. Interim dividends are deducted from equity when they are paid.

Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

4. Summary of material accounting policies (continued)

4.19 Transferred assets.

Government assistance. For assistance provided by the Government of the Sultanate of Oman, an assessment is made as to whether it is acting as a shareholder or as the Government. Assistance is accounted for as a Government Grant or deemed equity contribution accordingly.

Transferred assets. Transferred assets are assets which are acquired by the Group either through transfer from another entity, donation or for no consideration and no issue of shares. Transferred assets are valued at fair value and classified according to the nature of the asset. Transferred assets with a fair value of below a de minimums level are accounted for at nil. For assets or rights transferred to the Group primarily due to Government ownership and without consideration, credit relating to fair valuation (in line with Level 3 of fair value measurement) is maintained in a separate reserve ("other reserve").

4.20 Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. All operating segment operating results are reviewed regularly by the Group Chief Executive Officer (Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Group Chief Executive Officer (Chief Operating Decision Maker), in deciding how to allocate resources and in assessing performance.

The accounting policies of the operating segments are the same as the Group's accounting policies described in this note, except that 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 further information see Note 47.

4.21 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is calculated by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

4.22 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

4. Summary of material accounting policies (continued)

4.22 Assets held for sale (continued)

continuing use.

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.

4.23 Events after the reporting date

The Group consolidated financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting are disclosed in the consolidated financial statements when material.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

5. Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in these consolidated financial statements:

Control over investments in subsidiaries

Management assesses whether or not the Group has control over its investment in subsidiaries based on whether the Group has the power to direct the relevant activities of the investees unilaterally.

Management considers the Group's absolute size of holding in subsidiaries and relative size of and dispersion of the shareholding owned by the other shareholders. After assessment, management concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of subsidiaries and therefore Group has control over investment in subsidiaries, refer Note 2(iii).

Concession arrangement

The analysis on whether the IFRIC 12 applies to an arrangement involves various factors and depends on the interpretation of contractual arrangement. Therefore, the application of IFRIC 12 requires judgment in relation with, amongst other factors,

(i) the identification of certain infrastructures in the scope of IFRIC 12;

(ii) the understanding of the nature of the payments in order to determine the classification of the infrastructure as a financial asset or as an intangible asset; and

(iii) the recognition of revenue from construction and concessionary activity.

Changes in one or more of the factors may affect the conclusions as to the appropriateness of the application of IFRIC 12.

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

Management has evaluated the applicability of IFRIC 12 and concluded that the concession agreement falls within the purview of the "financial assets" model as defined in IFRIC 12, the company has unconditional right to receive the cash for the construction services and there is no demand risk. Therefore, the Company has applied IFRIC 12 and recognised a financial asset. Accordingly, the company recognises revenue for the construction and operation phases in accordance with IFRS 15 along with finance income on the financial asset. If the arrangement had not fallen under IFRIC 12, the Company would have recorded property, plant and equipment and revenue calculated under the RAB rules. Further the cash outflows relating to construction services have been classified under investing activities in the cashflow statement as they reflect cash outflows resulting in the recognition of assets.

Contract claims

Contract claims are recognised as revenue only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management reviews the judgment related to these contract claims periodically, and adjustments are made in the future periods, if assessments indicates that such adjustments are appropriate.

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

Determination of lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Site restoration obligation

Provision for site restoration obligation is estimated based on the expected dismantling cost valued by the independent valuer. Further, Management used discount rate to measure the present value and considered in the inflation impact of the future dismantling costs.

Impairment of oil producing assets & gas properties and other property, plant and equipment

Carrying value of oil & gas properties and other property, plant and equipment

Management performs impairment reviews on the Group’s oil & gas properties and other property, plant and equipment assets at least annually with reference to indicators in IAS 36 Impairment of Assets. Where indicators are present and an impairment test is required, the calculation of the recoverable amount requires estimation of future cash flows within complex impairment models.

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

Key assumptions and estimates in the impairment models relate to: commodity prices and the long-term corporate economic assumptions thereafter, discount rates that are adjusted to reflect risks specific to individual assets, oil and gas reserves and the related cost profiles. Assumptions reflect all oil and gas reserves that a market participant would consider when valuing the asset. Judgement is also required in establishing the appropriate grouping of assets into cash generating units.

Reserves estimates used in the calculation of Depreciation, Depletion and Amortisation (DD&A) and impairment of oil & gas properties and other property, plant and equipment

The determination of the Group's oil and gas reserves requires significant judgement and estimates to be applied. These are annually reviewed and updated. Proven and probable reserves are estimates of the amount of oil and gas that can be economically extracted from the Group's oil and gas assets. The Group estimates its reserves using standard recognised evaluation techniques applied by the in-house reserve engineer.

Further, these reserve estimates are evaluated by external reserve engineers once in three years. Proven and probable reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the government under the terms of the Exploration and Production Sharing Contracts.

Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

Estimates of oil and gas reserves are used to calculate depreciation, depletion and amortisation charges for oil and gas properties reviewed annually. The impact of changes in oil and gas reserves is dealt with prospectively. Oil and gas reserves also have a direct impact on the assessment of recoverability of asset carrying values. If oil and gas reserves are revised downwards, earnings could be affected by changes in depreciation expense or by immediate write-downs of asset carrying values.

Useful life of intangible assets

Amortisation is charged so as to write off the cost of the intangible assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as:

- Expected usage of the assets by the Group;
- Typical product life cycle for the asset and public information on estimates of useful lives of similar type of assets used in similar way;
- Technical, technological, commercial or other types of obsolescence and the period of control over the assets.
- Legal or similar limits on the use of the asset, such as the expiry dates of related leases.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

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

Useful lives of property, plant and equipment

Depreciation is charged so as to write off the cost of assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates. Refer Note 4.2 for details.

Impairment loss on investments in associates and joint ventures

The Group reviews its investments in associates and joint ventures periodically and evaluates the objective evidence of impairment. Objective evidence includes the performance of associates and joint ventures, the future business model, local economic conditions and other relevant factors. Based on the objective evidence, the Group determines the need for impairment loss on investments in associates and joint ventures. Refer Note 11 and 12 for details.

Income tax

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Group. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Refer Note 41 for details.

Deferred tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer Note 41 for details.

Percentage of completion method

The Group uses the output method to recognise revenue on the basis of Group's efforts or inputs to the satisfaction of a performance obligation in accounting for its construction contracts. This is done by measuring surveys of performance completed to date or milestones reached.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

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

At each reporting date, the Group is required to estimate stage of completion. Effects of any revision to these estimates are reflected in the year in which the estimates are revised. When it is probable that total contract costs will exceed total contract revenue, the total expected loss is recognised immediately, as soon as foreseen, whether or not work has commenced on these contracts.

The Group uses its project managers to measure the surveys of performance completed to date or milestones reached. Factors such as delays in expected completion date, changes in the scope of work, changes in material prices, increase in labour and other costs are included in the construction cost estimates based on best estimates updated on a regular basis.

Valuation of unquoted investments

Valuation of unquoted equity investments is normally based on one of the following:

- Recent arm's length market transactions;
- Current fair value of another instrument that is substantially the same;
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; and
- Other valuation models

Accounting for commodity purchase and sale contracts

At inception, physical commodity purchase and sales transactions which support Group entity's (OQT's) principal activities which are capable of net settlement and are not entered into (or continue to be held) for the purpose of receipt or delivery of a non-financial item in accordance with Group entity's expected purchase, sale or usage requirements fall within the scope of IFRS 9.

Certain physical commodity contracts do not fall within the scope of IFRS 9. These contracts are accounted for as executory contracts. Revenue from the sale of goods and provision of services under these contracts is recognised on an accrual basis as the resources are delivered or the services are provided. The related purchase costs are recognised on an accrual basis within cost of sales.

Impairment of property, plant and equipment

A decline in the value of property, plant and equipment could have a significant effect on the amounts recognised in the financial statements. Management assesses the impairment of property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Refer Note 6 for further details.

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

Expected credit loss allowance

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, considering cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

Judgements are required in assessing the recoverability of overdue trade receivables and lease receivables and determining whether a provision against those receivables is required. Factors considered include the creditworthiness of the counterparty, timing and value of anticipated future payments and actions that can be taken to mitigate the risk of non-payment.

Notes to the consolidated financial statements for the year ended 31 December 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
Cost								
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	-	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	**-**	**6,811**	**1,610**	**143,390**	**-**	**90**	**142,609**	**294,510**
Transfers	**-**	**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	**408**	**588,051**	**88,214**	**7,431,794**	**32,715**	**8,932**	**214,329**	**8,364,443**

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

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 part RO'000	Capital work-in-progress RO'000	Total RO'000
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
Impairment (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 year	**-**	**20,407**	**4,177**	**293,953**	**935**	**376**	**-**	**319,848**
Impairment (i)	**-**	**-**	**-**	**(236)**	**-**	**-**	**-**	**(236)**
Transfers	**-**	**(22)**	**(273)**	**(110)**	**-**	**-**	**18**	**(387)**
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**
Net Book Value								
31 December 2023	**408**	**412,094**	**31,017**	**3,648,316**	**28,661**	**1,878**	**182,241**	**4,304,615**
31 December 2022	408	415,178	32,218	3,409,992	27,593	2,164	448,006	4,335,559

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

6. Property, plant and equipment (continued)

(i) Impairment

Break up of impairment (reversal) / charge for the year:

	2023	2022
	RO'000	RO'000
OARC (a)	**-**	(35,250)
Abraj (b)	**(757)**	-
OOMCO (c)	**521**	-
Net impairment reversal	**(236)**	(35,250)

a) Impairment of asset in OARC

Rolling mill

During 2022, the Company has reassessed the recoverable amount of Rolling Mill (CGU) which is part of other segment and determined that recoverable value is higher than the carrying value by RO 68.67 million out of that management has considered a further reversal of impairment by RO 35.25 million.

At 31 December 2022, the estimated current carrying value of the impaired CGU is RO 99.52 million provided that CGU was not impaired in 2015. The actual impaired value in 2015 was RO 122.21 million.

The recoverable amount of the CGU is assessed based on the same criteria as was used to impair the assets in 2015 with the only exception of a weighted average cost of capital of 15.50% per annum with cash flow generated over the life of the CGU.

At 31 December 2023, the Group conducted an assessment according to IAS 36 for impairment triggers, finding no indications from either external or internal factors. Consequently, no impairment testing is conducted in the current year.

b) Impairment of asset in Abraj

During the year 2023, the company has carried out an impairment test on all cash generating units (CGUs) of Abraj Energy Services SAOG an upstream segments. The recoverable amounts used were based on value in use in core CGUs and fair value less cost of disposal for non-core CGUs.

The followings parameters used for impairment testing:
-Future cash inflows and cashflows for 10 years.
-Capital Asset Pricing Model used to determine the pretax discount rate of 9.16%.
-Year-on-year revenue forecast and the discounting rates were used. An inflation of 1% to 3% have been assumed on the year-on-year operating and manpower cost forecast.
- Both cash flows and discounting rates were pretax basis.
Based upon the above parameters, Abraj has reversed the impairment loss by RO 0.8 million.

6. Property, plant and equipment (continued)

c) Impairment of asset in OOMCO

Provision for impairment pertains to the assets terminated as a result of discontinuing the franchise agreement with famous brands and ceasing related operations of Steers and Debonair (Burger and Pizza) during 2023.

d) Impairment assessment of OQ RPI

During the current and prior year, the Group has not identified any impairment triggers for OQ Refineries and OQ Aromatics (One CGU) which is a part of downstream segment. At 31 December 2023, The Group conducted an assessment according to IAS 36 for impairment triggers, finding no indications from either external or internal factors. Consequently, we haven't carried out impairment analysis for the current year. However, the management has identified impairment trigger in OQ Plastics LLC due to the instability in the commodities and product pricing.

For the purpose of impairment analysis, the Group used the base case model, and the following key assumptions were used in the base case model:

Valuation technique

The group has adopted the 'value in use' technique as the base case model to determine the recoverable amounts of its cash generating units (CGUs).

Discounted cash flows: The 'value in use' model considers the present value of net cash flows to be generated from the respective CGUs, considering the expected production rate, demand, maximum capacity of plants, and shutdown period.

The Group constantly monitors the latest government legislation in relation to climate related matters. At the current time, no legislation has been passed that will impact the Group. The Group will adjust the key assumptions used in value-in-use calculations and sensitivity to account for the changes in assumptions should a change be required.

Projection period and discount rate

Value in use cash flows have been discounted by applying a post-tax discount rate of 8.41% (2022: 9.88%) for the period from 2023 to the end of the useful life of the underlying assets. The future cash flows are based on approved 5- business plan and extrapolated based on the inflation rate of 1.95% for remaining period. These were compared, for analytical purposes, with the latest prices/margins/spreads derived from primary market advisors' forward projections.

Inflation rates

The value in use considers an inflation rate of 1.95% in 2023 (2022: 1.95%) over the life of the underlying assets being assessed.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

6. Property, plant and equipment (continued)

d) Impairment assessment of OQ RPI (continued)

Recoverable Amount

The management has carried out annual impairment testing of OQ Plastic as at 31 December 2023. The key assumptions used for computing the recoverable amounts (value in use) have been extracted from the approved 5 years business plan 2024-2028 (BP 24) and then using market prices. As a result of impairment testing the recoverable amount of OQ Plastic is approximately equivalent to the carrying value of RO 1,296 million ($3,366 million). Hence, management concluded that no additional impairment/reversal of impairment is required for the reporting period.

Sensitivity analysis

For the Group entities subjected to impairment analysis the sensitivity analysis is as follows:

The Plastics VIU will match its carrying amount of assets if:

- Discount rate is 9.1% (2022: 10.65%), keeping all other variables stable.
- Gross margin decreased by 2.5% (2022: 3.5%), keeping all other variables stable.
- EBITDA decreased by 4.6% (2022: 6.1%), keeping all other variables stable.
- No significant impact due to change in inflation rate.

The Impairment analysis has not resulted in any impairment for the year ended 31 December 2023.

(ii) Capital work-in-progress pertains to the following OQ SAOC and its subsidiaries net of impairment:

	2023 RO'000	2022 RO'000
OQ Refineries and Petroleum Industries LLC	**48,125**	31,933
OQ SAOC – Parent	**15,482**	-
Oman Oil facilities development Company LLC	**6,998**	5,346
OQ Methanol (SFZ) LLC	**25,515**	195,184
Oman Tank Terminal Company LLC	**-**	157,615
OOC Holding Europe BV	**67,780**	39,411
OQ Exploration and Production LLC	**10,440**	10,965
Oman Oil Marketing Company SAOG	**3,928**	3,312
Takamul Investment Company SAOC	**1,013**	1,778
OQ Trading	**-**	571
Majis Industrial Services SAOC	**2,960**	1,891
	182,241	448,006

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

6. Property, plant and equipment (continued)

(iii) At 31 December 2023, property, plant and equipment with a carrying amount of RO 4,230.7 million (2022: RO 4,274.1 million) were mortgaged as security for bank borrowings (refer Note 27).

(iv) During the year, the Group has recognised borrowing cost of RO 7.6 million (2022: RO 11.1 million) in the cost of the capital-work-in-progress of qualifying assets.

(v) The depreciation and amortization charges for the year were as follows:

	2023	2022
	RO'000	RO'000
Property, plant and equipment	**319,848**	252,646
Intangible assets (Note 9)	**18,352**	18,476
Oil and gas producing assets (Note 7)	**325,408**	385,229
Right-of-use assets (Note 8)	**74,660**	32,375
	738,268	688,726
Analyzed as follows:		
Cost of sales (Note 34)	**608,006**	654,493
Administrative expenses (Note 38)	**80,518**	32,896
Capitalized in the cost of capital work in progress	**49,744**	1,337
	738,268	688,726

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

7a. Oil and gas production and development assets

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

	OQEP (Mukhaizna Oil field, Abu Tubul, Makarim Block 9 etc.) (i)	Dunga oil field (ii)	Total
	RO'000	RO'000	RO'000
Cost			
Balance at 1 January 2022	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)
Balance at 31 December 2022	3,606,350	121,183	3,727,533
Balance 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 35b)	(486,422)	-	(486,422)
Balance at 31 December 2023	**3,379,602**	**114,183**	**3,493,785**
Accumulated depreciation and impairment			
Balance at 1 January 2022	2,075,377	54,414	2,129,791
Charge for the year	381,505	3,724	385,229
Impairment adjustment (iii)	14,365	21,181	35,546
Other Adjustment	1,805	867	2,672
Balance at 31 December 2022	2,473,052	80,186	2,553,238
Balance 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 35b)	(341,159)	-	(341,159)
Balance at 31 December 2023	**2,451,690**	**85,797**	**2,537,487**
Net book value			
At 31 December 2023	**927,912**	**28,388**	**956,300**
At 31 December 2022	1,133,298	40,998	1,174,296

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

7a. Oil and gas production and development assets (continued)

(i) Note 2 gives details of the Group's participating interest in different oil and gas exploration and production sharing agreements in Oman. Oil and gas production and development assets include RO 103.041 million in respect of the fair value recognised on transfer of 45% interest in Block 9 from the Government of Oman (the 'State') at nil consideration in prior years. The fair value was determined based on consideration paid by two non-related parties to the State for renewal of their interest in Block 9 (Level 3). As the Group is ultimately owned by the Ministry of Finance of the Sultanate of Oman, the related fair value adjustments arising from the transfer was recorded in the statement of changes in equity.

(ii) The Group has a 20% interest in the exploration rights and license for exploring for oil in an oilfield concession located in Dunga, Kazakhstan. OOCL, a 100% subsidiary of the Group, has entered into a joint operating agreement with Partex (Kazakhstan) Limited and Maersk Oil, wherein Maersk Oil is the operator of the project.

(iii) Impairment

	2023	2022
	RO'000	RO'000
Block 60	**-**	14,365
Dunga	**-**	21,181
Impairment adjustment / (reversal) (Note 39)	**-**	35,546

At 31 December 2023, The Group conducted an assessment according to IAS 36 for impairment triggers, finding no indications from either external or internal factors. Consequently, no impairment testing is conducted in the current year.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

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

	Exploration assets – OQEP(i)
	RO'000
As at 1 January 2022	11,051
Additions	5,871
Transfer	(3,975)
As at 31 December 2022	**12,947**
Additions	1,179
Divestment of Block 48 (Note 35b)	(7,451)
As at 31 December 2023	**6,675**

(i) The exploration and evaluation assets (E&E) mainly pertain to Blocks 42, 47 48 and 52 which are under exploration stage and accounted as per requirements of IFRS 6. During the year 2021, the Board of Directors of the Parent company approved the withdrawal from Block 30 through circulation resolution 10/2021. OQEP reached an initial agreement that OQEP will leave the Block 30 without being required to pay the remainder of the work program and budget the minimum work commitment. This will require OQ to leave the Block 30 EPSA, terminate Block 30 Joint Operation Agreement and to assign its participating interest to other Joint Operation Partner. OQEP may subsequently elect to participate in the development by 2024 via the Government back-in right of 30%. Based on the Board resolution and initial agreement interest held under Block 30 was written off. During the year 2022, Block 65 started commercial production and was transferred from E&E assets to Oil and gas assets. During the year 2023, The Group divested its 40% working interest ("WI") in Block 48 to a third party which was approved by The Government of Oman vide Royal Decree 85/2023.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

8. Right-of-use assets

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

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

	Land and buildings RO'000	Plant and equipment RO'000	Drilling and rigs RO'000	Vehicles RO'000	Total RO'000
Balance 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)
Balance as at 31 December 2022	136,573	40,249	-	6,397	183,219
Balance as at 1 January 2023	**136,573**	**40,249**	**-**	**6,397**	**183,219**
Additions	**21,563**	**105,001**	**-**	**3,351**	**129,915**
Exchange difference	**(75)**	**112**	**-**	**3**	**41**
Reclassifications	**-**	**-**	**-**	**-**	**-**
Modification	**607**	**-**	**-**	**-**	**607**
Depreciation expense	**(13,042)**	**(57,603)**	**-**	**(4,015)**	**(74,660)**
B60 Divestment (Note 35b)	**-**	**(23,499)**	**-**	**-**	**(23,499)**
Termination	**-**	**(408)**	**-**	**(34)**	**(442)**
Balance as at 31 December 2023	**145,626**	**63,852**	**-**	**5,702**	**215,181**

Amount recognised in consolidated statement of profit and loss account:

	2023 RO'000	2022 RO'000
Depreciation on right-of-use assets	**(74,660)**	(32,375)
Interest on lease liabilities	**(10,417)**	(9,394)
Variable lease payments not included in the measurement of lease liabilities	**(3,490)**	(793)
Income from sub-leasing right-of-use assets	**15**	1,210
Expenses relating to short-term leases	**(164,934)**	(143,509)
Expenses relating to low-value assets, excl. short-term leases of low-value assets	**(102)**	(45)
Amounts recognized in statement of cash flows		
Total cash outflow for leases	**(197,174)**	(35,142)

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

9. Intangible assets

	ERP and software	Subsoil rights	Technology, customer relationship, trademarks, patents, and other intangible assets	Total
	RO'000	RO'000	RO'000	RO'000
	(i)	(ii)	(iii)	
Cost				
At 1 January 2022	22,249	1,411	245,719	269,379
Additions	5,335	-	672	6,007
Transfer	-	-	56	56
Written off	(614)	-	-	(614)
Translation difference	(369)	-	(13,384)	(13,753)
At 1 January 2023	**26,601**	**1,411**	**233,063**	**261,075**
Additions	**1,687**	**-**	**14**	**1,701**
Adjustments	**-**	**99**	**286**	**385**
Transfer	**(6116)**	**-**	**255**	**(5,861)**
Written off	**(1,341)**	**-**	**(274)**	**(1,615)**
Translation difference	**188**	**-**	**8,161**	**8,349**
At 31 December 2023	**21,019**	**1,510**	**241,505**	**264,034**
Accumulated amortization and impairment				
At 1 January 2022	18,445	1,160	171,711	191,316
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**	**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 31 December 2023	**18,552**	**1,230**	**203,288**	**223,070**
Net book value				
At 31 December 2023	**2,467**	**280**	**38,217**	**40,964**
At 31 December 2022	8,055	181	53,790	62,026

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

9. Intangible assets (continued)

(i) The Group has incurred expenditure to upgrade existing ERP software. The intangible assets are amortised over 3 years.

(ii) Subsoil rights relate to Dunga (OOCL) and Pearl (OPCL) oil fields.

(iii) During 2013, Majan Energy B.V., a wholly owned subsidiary of the Parent Company acquired 100% shareholding in OQ Chemicals Group.

Technology, customer relationship, trademarks, patents and other intangible assets primarily represent intangible assets acquired through acquisition of OQ Chemicals Group which includes Patents of RO 1.4 million (2022: RO 1.4 million), customer relationship of RO 5.6 million (2022: RO 5.6 million), technology RO 33.5 million (2022: RO 33.5 million) and software, rights and other similar rights RO 1.4 million (2022: RO 1.4 million). Trademarks with indefinite useful lives are fully impaired.

During the financial year 2020, the Group rebranded its trademark to "OQ Chemicals". With this name change, an impairment trigger was activated. Based on IAS 36 an asset that the company still owns, but no longer uses, shall be impaired against the highest of its value in use and its fair value less cost of disposal. Currently, no negative impact on the cash flows of OQ Chemicals Group attributable to the name change has been established. However, the trademark "OXEA" name is no longer used to generate income. The income generator now is the "OQ" name.

As a result of the analysis, management has recognised an impairment charge of RO 40.9 million (Euro 87.7 million) in the year ended 31 December 2020.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

10. Goodwill

Cost	OQ Chemicals RO'000 (i)	OOMCO RO'000 (ii)	Total RO'000
At 1 January 2022	262,950	3,683	266,633
Translation differences	(15,907)	-	(15,907)
At 31 December 2022	**247,043**	**3,683**	**250,726**
Translation differences	**(6,221)**	**-**	**(6,221)**
At 31 December 2023	**240,822**	**3,683**	**244,505**
Impairment and translation differences			
At 1 January 2022	254,224	-	254,224
Translation differences	(15,379)	-	(15,379)
At 31 December 2022	**238,845**	**-**	**238,845**
Translation differences	**(6,543)**	**-**	**(6,543)**
At 31 December 2023	**232,302**	**-**	**232,302**
Net book value			
At 31 December 2023	**8,520**	**3,683**	**12,203**
At 31 December 2022	8,198	3,683	11,881

(i) OQ Chemicals

During 2013, the Parent acquired 100% shareholding stake in OQ Chemicals for a total consideration of RO 378 million (Euro 714 million) through its 100% subsidiary, Majan Energy BV from Advent International. The Group, during 2013 had performed a purchase price allocation exercise relating to its OQ Chemicals acquisition and accordingly recorded goodwill and certain intangible assets amounting to RO 311.5 million and RO 264.5 million, respectively. The Group carried out an impairment analysis of its CGU in OQ Chemicals, whose long-term projected cash flows and operating margin had decreased due to multiple reasons including general market and industry downturn. Accordingly, goodwill arising out of acquisition of OQ Chemicals has been fully impaired during 2013 and 2014.

The balance goodwill of RO 8.5 million (2022: RO 8.2 million) represents the goodwill which arose on acquisition of OQ Chemicals International GmbH by OQ Chemicals GmbH in 2014. For impairment testing the goodwill of the OQ Chemicals Gmbh is allocated to one cash generating unit (CGU), which is defined on the basis of the region Europe and Asia.

The annual impairment testing took place in the fourth quarter of the year. The recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management and covering a five-year period.

For the time period after the fifth year, a terminal value was calculated using a forward projection from the last detailed planning year as a perpetual annuity.

10. Goodwill (continued)

(i) OQ Chemicals (continued)

Forecasting is built on past experience, current performance and management's expectations on the future development of individual parameters such as raw material and future selling prices as well as sales volumes and costs.

Market assumptions regarding economic development and market growth were made on the basis of external macroeconomic and industry-related conditions and factors.

The value in use is calculated by discounting the cash flows using a weighted cost of capital factor. The weighted average cost of capital rate after tax required for impairment testing is determined using the capital asset pricing model. It includes a risk-free rate, a market risk premium as well as the spread for credit risk usual in the industry, derived on the basis of a peer group. The calculation also takes into account the capital structure and the business risks specific to the chemical industry as well as the average tax rate of the cash-generating unit. The value in use is mainly driven by the terminal value which is particularly sensitive to changes on the terminal value growth rate and discount rate.

The value in use is calculated by discounting the cash flows using a discount rate of 11.52 (2022: 10.29%) and long-term growth of 1% (2022: 1%).

The impairment test resulted in no impairment loss on goodwill in 2023.

Sensitivity analysis revealed that an impairment trigger might occur on goodwill if the WACC is at least 11.54% or higher.

(ii) OOMCO

Goodwill arises on account of the Parent Company acquiring 49% investment in OOMCO measured at fair value based on quoted price (level 1) which is in excess of carrying value. A decrease of 65% in fair value would result in impairment of goodwill.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

11. Investment in associates

The Group has the following investments in associates:

Company name	Country of incorporation	Principal activities	Notes	Holding		Carrying value	
				2023	2022	**2023**	2022
				%	%	**RO'000**	RO'000
GSEPS Company Limited (GSEPS)	Korea	Power generation	i.	**30**	30	**126,602**	124,105
Gulf Energy Maritime PJSC (GEM)	UAE	Investment	ii	**-**	30.53	**-**	-
Oiltanking Odjfell Terminals & Co. LLC (OOTCO)	Oman	Tank terminal management and storage facilities		**25**	25	**14,271**	13,950
Orient Power (Pvt) Ltd (OPC)	Pakistan	Power generation	Iii	**42.8**	42.8	**10,068**	11,683
Germany Pipeline Development Company GmbH	Germany	Pipeline development		**30**	30	**2,309**	2,309
Haas Petroleum Group	East Africa	Trading in petroleum products	iv	**40**	40	**16,484**	17,141
Muscat Gases Company SAOG	Oman	Industrial and cooking gases	V	**32.66**	32.66	**2,061**	1,627
Amin Renewable Energy Company SAOC	Oman	Operating of solar power plant	vi	**30**	30	**2,560**	3,039
Musandum Power Company SAOG	Oman	Power generation		**42**	42	**4,916**	4,795
Air Liquide Sohar Industrial Gases LLC	Oman	Production and sale of industrial gases	vii	**29.90**	29.90	**3,181**	2,854
Naseem Bahr Al Arab LLC	Oman	Alternative energy	viii	**42**	42	**-**	-
UTICO FZ	UAE	Power generation	ix	**-**	32	**-**	53,260
						182,452	234,763

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

11. Investment in associates (continued)

31-Dec-23 **Summarized financial information of associates**

Company name	**Non-current assets**	**Current assets**	**Non-current liabilities**	**Current liabilities**	**Net Assets**	**Revenue**	**Profit / (loss) for the year**	**Other comprehensive income**	**Total comprehensive income**	**Group's share of results**	**Dividend received**
	RO'000	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**
GSEPS	**517,398**	**259,674**	**196,101**	**173,617**	**407,354**	**592,487**	**102,903**	**97**	**102,999**	**30,899**	**27,260**
OOTCO	**115,599**	**6,248**	**59,783**	**4,979**	**57,086**	**26,471**	**8,685**	**(306)**	**8,380**	**2,095**	**1,750**
OPC	**11,857**	**25,460**	**-**	**13,794**	**23,523**	**30,939**	**1,661**	**(39)**	**1,621**	**694**	**578**
Haas	**44,257**	**57,447**	**14,665**	**54,728**	**33,518**	**354,190**	**(446)**	**(1,196)**	**(1,642)**	**(657)**	**-**
Other	**114,759**	**15,313**	**79,733**	**13,170**	**44,865**	**46,823**	**2,027**	**1,259**	**3,287**	**1,245**	**1,286**
	803,870	**364,142**	**350,282**	**260,288**	**566,346**	**1,050,910**	**114,830**	**(185)**	**114,645**	**34,276**	**30,874**

31-Dec-22 Summarized financial information of associates

Company name	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net Assets	Revenue	Profit / (loss) for the year	Other comprehensive income	Total comprehensive income	Group's share of results	Dividend received
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
GSEPS	539,463	320,505	245,723	215,216	399,029	677,497	129,621	3,600	133,221	38,896	10,554
OOTCO	118,364	5,709	63,854	4,420	55,799	24,567	6,739	1,687	8,426	1,685	1,500
OPC	15,082	29,875	-	17,661	27,296	39,729	2,453	-	2,453	831	563
Haas	49,155	53,540	10,303	57,231	35,161	311,084	9,208	(3,150)	6,058	3,010	-
Other	-	-	-	-	-	24,606	5,879	3,941	9,820	1,619	1,352
	722,064	409,629	319,880	294,528	517,285	1,077,483	153,900	6,078	159,978	46,041	13,969

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

11. Investment in associates (continued)

	RO'000 GS EPS	RO'000 OOTCO	RO'000 OPC	RO'000 Haas Petroleum Group
31 December 2023				
Equity attributable to controlling shareholders	**407,354**	**57,086**	**23,523**	**33,518**
Equity at Group's ownership	**30%**	**25%**	**42.8%**	**40%**
Equity at Group's ownership	**122,206**	**14,271**	**10,068**	**13,407**
Impairment (ix)s	**-**	**-**	**-**	**(3,851)**
Goodwill on acquisition	**4,396**	**-**	**-**	**-**
Valuation differences on acquisition	**-**	**-**	**-**	**6,928**
	126,602	**14,271**	**10,068**	**16,484**
31 December 2022				
Equity attributable to controlling shareholders	399,029	55,799	27,296	35,161
Equity at Group's ownership	30%	25%	42.8%	40%
Equity at Group's ownership	119,709	13,950	11,683	14,064
Impairment (ix)s	-	-	-	(3,851)
Goodwill on acquisition	4,396	-	-	-
Valuation differences on acquisition	-	-	-	6,928
	124,105	13,950	11,683	17,141

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

	2023 RO'000	2022 RO'000
At 1 January	**234,763**	156,160
Investment during the year	**51**	53,260
Reclassification to disposal group	**(49,382)**	-
Share of results	**33,206**	46,041
Dividends received	**(30,875)**	(13,969)
Accrued expenses	**-**	277
Foreign currency translation	**(672)**	(8,074)
Provision for impairment on associates (x)	**(3,878)**	-
Share of other comprehensive income of associates/(loss)	**(761)**	1,068
At 31 December	**182,452**	234,763

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

11. Investment in associates (continued)

(i) For GS EPS, in accordance with the Share Purchase and Sale Agreement, the shares acquired by the Parent cannot be transferred or sold without the prior consent of the other shareholders.

(ii) During the year ended 31st December 2023, OQ Group have exit from its investment in Gulf Energy Maritime (GEM), a chemicals shipping company headquartered in Dubai, UAE

(iii) The shares acquired are pledged to a commercial bank in Pakistan against facilities availed by OPC. In accordance with the Share Purchase and Sale Agreement, the shares acquired by the Parent cannot be transferred or sold without the prior consent of the other shareholders.

(iv) OQT purchased a non-controlling 40% equity stake in the Hass Petroleum Group on 5 December 2017. The investment is held via a holding company, "AAH (BVI) Limited", which is incorporated in the British Virgin Islands. The principal place of business of Haas Petroleum Group is in East Africa. Haas Petroleum Group purchases petroleum products and distributes and sells them to its businesses and retail customers throughout East Africa and the Horn of Africa. Included in the carrying amount is goodwill amounting to RO 6.31 million (2022: RO 6.31 million). Post-acquisition purchase consideration of AAH (BVI) Limited was adjusted downwards during the year ended 31 December 2020.

(v) TIC acquired 13.04% of the share capital of Muscat Gases Company SAOG ("MGC"), listed on Muscat Securities Market, in 2010 and further acquired 19.62% of the share capital in 2012.

OOMCO, a subsidiary, also acquired 9.18% of the share capital of MGC in 2012. In 2021, the Investment in Muscat Gases Company SOAG categorized as held for sale under IFRS 5-'Non-current Assets Held for Sale'. However, in 2023, the Board of Directors of OOMCO decided to retain the asset as an Other Investment (Note16a).

(vi) One of the Group companies, OOFDC owns 30% interest in Amin Renewable energy. The addition during the year represents, shareholder loan converted into share capital.

(vii) On 28 May 2005, OQ Refineries and Petroleum Industries Company LLC; a wholly owned subsidiary of OQ SAOC, purchased 29.9% of Air Liquide Sohar Industrial Gases LLC.

(viii) As a part of the Group strategic priorities, one of the Group entities, OQ AE has invested 42% in Naseem Bahr Al Arab LLC. The Group has recognized accrued expense to cover the share of loss over and above the investment value. OQ SAOC has provided finance support letter to meets its day to day operation. Hence, OQ SAOC has unlimited liability to the extent of holding interest.

(ix) On 1st July 2022, the Parent Company has acquired 100% shares in Majis Industrial Services SAOC ("Majis") from OIA. Majis holds an investment in associates in UTICO FZ of 32%. As of 31.12.2023 UTICO was categorized as held for sale. (Note 16a)

(x) Impairment testing of investment in associates was carried out as required under IAS 28 and IAS 36 and the results showed an impairment charge of RO 3.8 million for the year (2022: RO Nil).

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

12. Interest in joint ventures

Company name*	Principal activities	Notes	Holding 2023	Holding 2022	Carrying value 2023	Carrying value 2022
			%	%	**RO'000**	RO'000
Oman India Fertilizer Company SAOC (OMIFCO)	Manufacturing of fertilizer products	*i*	**50**	50	**99,878**	146,888
Sohar Aluminum Company LLC (SAC)	Aluminum smelting	*ii*	**40**	40	**88,052**	95,816
Duqm Refinery and Petrochemical Industries Company LLC (OQ8)	Processing crude oil	*iii*	**50**	50	**502,079**	221,052
Centralised Utilities Company LLC (CUC)	Water and power	*iv*	**51**	51	**13,871**	5,748
Hyport Coordination Company LLC (HCC)	Alternative energy plants	*v*	**50**	50	**1,290**	5
Al Batinah International School (ABIS)	Educational institute	*vi*	**50**	50	**-**	-
Oman Sustainable Water Services SAOC (OSWS)	O&M Services		**51**	51	**676**	606
					705,846	470,115

*All the of the above investees are incorporated in Sultanate of Oman.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

12. Interest in joint ventures (continued)

Summarised financial information of Joint Ventures:

	OMIFCO	SAC	OQ8	Other individually not material
	RO'000	RO'000	RO'000	RO'000
31 December 2023				
Non-current assets	132,828	390,719	2,612,397	17,531
Current assets	150,922	152,288	560,648	23,261
Non-current liabilities	23,568	267,488	2,022,025	17,048
Current liabilities	60,426	55,388	146,861	9,644
Net asset	**199,757**	**220,131**	**1,004,159**	**14,100**
Revenue	264,264	353,894	758,663	20,302
Profit / (loss) for the year	114,116	38,357	(67,822)	8,823
Other comprehensive income	(80)	-	(32,496)	6,939
Total comprehensive income	**114,036**	**38,357**	**(100,318)**	**15,762**
Cash and cash equivalents	46,392	34,882	47,450	-
Current financial liabilities (excluding trade and other payables and provisions)	24,692	27,494	119,766	-
Non-current financial liabilities (excluding trade and other payables and provisions)	23,568	225,660	1,776,387	-
Depreciation and amortization	(12,460)	(49,080)	(1,369)	-
Interest income	5,084	1,979	4,152	-
Interest expense	(462)	(22,209)	(3)	-
Total income tax income/expense	**(20,204)**	**(6,783)**	**-**	**-**
Group's share of results	**57,018**	**15,343**	**(50,159)**	**8,045**
Dividend received	**104,013**	**23,106**	**-**	**278**

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

12. Interest in joint ventures (continued)

Summarised financial information of Joint Ventures (continued):

	OMIFCO	SAC	OQ8	Other individually not material
	RO'000	RO'000	RO'000	RO'000
31 December 2022				
Non-current assets	128,066	417,453	2,323,334	13,603
Current assets	272,868	157,659	40,560	18,730
Non-current liabilities	15,013	267,281	1,745,849	19,110
Current liabilities	92,145	68,292	175,942	19,132
Net assets	**293,776**	**239,539**	**442,103**	**(5,909)**
Revenue	487,173	434,940	-	7,643
Profit / (loss) for the year	302,697	93,965	(44,507)	4,940
Other comprehensive income	-	-	140,783	870
Total comprehensive income	**302,697**	**93,965**	**96,276**	**5,810**
Cash and cash equivalents	32,196	18,786	34,073	-
Current financial liabilities (excluding trade and other payables and provisions)	92,145	68,292	175,942	-
Non-current financial liabilities (excluding trade and other payables and provisions)	3,915	205,841	1,778,407	-
Depreciation and amortization	(11,442)	(2,598)	840	-
Interest income	4,669	843	240	-
Interest expense	(122)	(15,588)	(2)	-
Total income tax income/expense	**(53,386)**	**(16,574)**	**-**	**-**
Group's share of results	**151,348**	**37,586**	**(22,254)**	**2,988**
Dividend received	**155,541**	**35,429**	**-**	**-**

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

12. Interest in joint ventures (continued)

Reconciliation of net assets to the carrying value of investments for material joint venture entities are as follows:

	OMIFCO RO'000	SAC RO'000	OQ8 RO'000
31 December 2023			
Equity attributable to controlling shareholders	**199,757**	**220,131**	**1,004,159**
Group's ownership percentage	**50%**	**40%**	**50%**
Equity at Group's ownership	**99,878**	**88,052**	**502,079**
31 December 2022			
Equity attributable to controlling shareholders	293,776	239,539	442,103
Group's ownership percentage	50%	40%	50%
Equity at Group's ownership	146,888	95,816	221,134

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

	2023 RO'000	2022 RO'000
At 1 January	**470,115**	347,043
Investments during the year	**333,248**	73,566
Dividends received	**(127,396)**	(190,971)
Share of results (Note 36)	**42,616**	169,135
Share of changes in other comprehensive loss, net of tax	**(12,718)**	70,836
Foreign currency translation	**(20)**	-
Accrued expenses recognised	**-**	237
Additions due changes in fair value of loan	**-**	269
At 31 December	**705,846**	470,115

(i) During the year ended 31 December 2023, Oman India Fertilizer Company SAOC (OMIFCO) paid a dividend of RO 104 million (2022: RO 155 million) to the Parent.

(ii) As per the Shareholders' agreement, the Group exercises joint control of 40% over Sohar Aluminum Company LLC (SAC). During the year ended 31 December 2023, SAC paid a dividend of RO 23 million (2022: 35 million)

(iii) The Parent Company holds 50% stake in OQ8, formerly known as Duqm Refinery and Petrochemical Industries Company LLC. During the year ended 31 December 2023, the Parent has increased its investment in OQ8 by granting a subordinated loan of RO 331 million (2022: RO 73 million). During the year OQ8 also recognized increase in value of derivatives of RO Nil million (2022: RO 70 million) attributable to the Parent.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

12. Interest in joint ventures (continued)

(iv) During the year ended 31 December 2023, Centralised Utilities Company, a joint venture of OOFDC, paid a dividend of RO Nil million (2022: RO 35 million). OQ SAOC has provided finance support letter to meets its day to day operation.

(v) As a part of the Group strategic priorities, one of the Group entities, OQ AE has invested 42% in Hyport Coordination Company LLC. The Group has recognized accrued expense to cover the share of loss over and above the investment value. OQ SAOC has provided finance support letter to meets its day-to-day operation. Hence, OQ SAOC has unlimited liability to the extent of holding interest.

(vi) In 2015, OQ Refineries LLC and Sohar Aluminium SAOC has signed a joint venture agreement with Al Batinah International School (ABIS) with an equity share ownership of 50% each and an initial investment of RO 3.1 million each.

13. Concession receivables

	2023	2022
	RO'000	RO'000
At 1 January	**815,071**	829,529
Acquisition during the year	**16,828**	-
Transferred from contract assets (Note 15)	**4,174**	15,737
Transferred to investment property	**(3,900)**	-
Finance income during the year	**57,871**	57,380
Adjustment of penalties	**(1,448)**	(1,708)
Billed during the year	**(86,845)**	(85,867)
At 31 December	**801,751**	815,071
Current / non-current		
Non-current portion	**772,022**	782,488
Current portion	**29,729**	32,583
	801,751	815,071

Concession receivables have effective interest rate of 7.43% (2022: 7.23%) per annum and will be settled / recovered over the term of the Concession Agreement. Effective interest rate has increased due to increase in future rate of return on regulatory asset base from 7.3% to 7.79% agreed with the regulator under the RAB rules.

* During the year, the Company acquired infrastructure assets from a related party for RO 16,828,427 (2022: Nil).

For the purposes of impairment assessment, the concession receivables are considered to have low credit risk as the counterparty of this receivable is Integrated Gas Company (which is considered as equivalent of the Government of Oman). For the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12 months ECL using general approach.

13. Concession receivables (continued)

None of the balances at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings, the management of the Company has assessed that ECL is insignificant, and hence have not recorded any loss allowances on these balances. Further, credit rating is BB+ stable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance.

14. Lease receivables

The lease income recognized in these consolidated financial statements relates to the Supplementary Tariff Agreement (STA) between the Group and the Government of the Sultanate of Oman (the Govt). The Group has concluded that the STA is an arrangement which contains a lease and has accounted for the investment in the Plant and revenue from the State accordingly. Under the STA the Group constructed, and now operates, the Musandam Gas Plant (the Plant/MGP), located in the Musandam governate of Sultanate of Oman. The Govt directs the Group to make the processing capacity of the Plant available to third parties. The term of the STA is 20 years from the date of first gas processing, which occurred in early 2016, and at the end of the term the assets of the Plant revert to the Govt. The Group retains substantially no risk in the underlying asset.

The lease payments to be made to the Group from the Govt under the revised STA which became effective from 1 Jan 2017, comprise of a number of elements, each payable monthly:

- A Capacity Charge of USD 790 million, to allow the Group to recover costs of construction over a 20-year period;
- An Annual Processing Costs (APC) charge, to allow the Group to recover operating costs up to a contractual cap and recognized in profit or loss (Note 5). A credit is given for any amounts recovered from third parties;
- A Fixed Remuneration Charge, to be paid over 20 years in such a manner to yield an initial internal rate of return to the Group of 7%; and
- Income tax to be paid by the Group.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

14. Lease receivables (continued)

The lease income is recognized in the statement of profit and loss with an effective interest rate of 9.08%.

	2023	2022
	RO'000	RO'000
Lease income		
Finance income on the net investment in lease	22,527	23,419

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

Net investment in lease		
Opening	**240,623**	250,267
Repayments	**(10,842)**	(9,644)
Closing	**229,781**	240,623
Presented as		
Current asset	**5,989**	10,838
Non-current asset	**223,792**	229,785
	229,781	240,623

Finance lease receivable		
2023	**-**	33,339
2024	**33,239**	33,239
2025	**33,205**	33,205
2026	**33,205**	33,205
2027	**33,332**	33,332
2028 (+ for comparative)	**33,417**	234,359
2029+	**200,869**	-
	367,267	400,679
Less: Interest element	**(137,486)**	(160,056)
Net investment in lease	**229,781**	240,623

Credit risk as the counterparty of this receivables is considered as low by given the fact that the Government of Oman having a credit rating of BB+ stable. The Group considers that lease receivable has low credit risk based on the external credit ratings of the counterparties.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

15. Contract assets

	RO'000 Due from MEM	RO'000 Others	RO'000 Total	RO'000 Due from MEM	RO'000 Others	RO'000 Total
At 1 January	**182,290**	**1,802**	**184,092**	145,433	1,590	147,023
Transferred to concession receivables (Note 13)	**(4,174)**	**-**	**(4,174)**	(15,737)	-	(15,737)
Additions during the year	**59,621**	**-**	**59,621**	53,048	212	53,260
Finance income during the year	**14,860**	**-**	**14,860**	11,082	-	11,082
Invoiced and transferred to related party	**1,136**	**(902)**	**234**	1,135	-	1,135
Adjustment of penalties	**-**	**-**	**-**	(2,186)	-	(2,186)
Received during the year	**(13,442)**	**-**	**(13,442)**	(10,485)	-	(10,485)
At 31 December	**240,291**	**900**	**241,191**	182,290	1,802	184,092

(a) A contract asset is recognised for the period in which the construction services are performed to represent the Company's right to consideration for the services rendered to date. Under the RAB Revenue rules, the Company receives an allowed rate of return on the work in progress infrastructure asset. Accordingly, contract assets represents balances due from the Shipper under obligation of the Company relating to the construction of the infrastructure under the Concession Agreement and the return on those services under the RAB Revenue rules but not yet invoiced.

(b) Any amount previously recognised as a contract asset is reclassified to concession receivables at the point at which it is commissioned and becomes operational.

(c) For the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12 months ECL using the general approach. None of the amounts due from customers at the end of the reporting period is past due. Further, MEM is a government of oman affiliated entity. Hence, credit rating is BB+ stable.

(d) There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amounts due from customers under construction contracts. There were no impairment losses recognised on any contract asset in the reporting period (2022: Nil).

(e) Due from others include receivable on account of the Pipe rack to be constructed at Salalah Port and Ras Markaz Pipeline project. During the year, Ras Markaz Pipeline project was transferred to a related party as part of settlement of the loan from parent Company.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

16a. Other Investments and Assets held for Sale

	2023 RO'000	2022 RO'000
Held for sale		
Vale Pelletizing Company LLC held for sale (Note i)	**-**	48,138
Utico (Note ii)	**49,380**	-
SubTotal	**49,380**	48,138
Other Investment		
Muscat Gases Company SAOG (Note 11v)	**316**	316
SubTotal	**316**	316
Total	**49,696**	48,454

The board of directors of OOMCO approved to retain the investment in Muscat Gas Company SAOG and accordingly the investment was classified as Other Investment (Note 11v).

2. OQ's investment portfolio included participation in the capital of Vale Oman Pelletizing Company LLC (VOPC), a publicly listed company which was classified as financial asset under the provisions of IFRS 9, and, as such, was reported at Fair Value Through Profit or Loss. As of 31.12.2023, the Group has exercised the put option and completed the transaction.

3. Majis held an investment in associate of UTICO FZ of 32%. As of 31.12.2023 UTICO was categorized as held for sale. (Note 11)

As at 31st December 2023 and 2022, the Assets held for sale were stated at carrying value which were less than the fair value less cost to selling the entity.

16b. Investments at fair value through profit and loss

Management assessed that the Group has no significant influence over these companies, hence these investments have been classified as fair value through profit and loss investments. Management has not exercised its irrevocable option to designate these investments at FVOCI on the initial application of IFRS 9.

	2023 RO'000	2022 RO'000
Unquoted investments	5,791	5,791
	5,791	5,791
Impairment provision (Note i)	(5,626)	(5,626)
	165	165

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

16b. Investments at fair value through profit and loss (continued)

Unquoted investments

(i) During 2013, the Company acquired 16.48% shareholding in Perpetual Global Technologies Limited (PGTL), a company registered in Mauritius for a total consideration of RO 5.20 million. During 2013, the Company recorded an impairment loss towards its investment of RO 5.20 million on account of significant or prolonged decline in the value of investment. The Company further invested RO 0.43 million in 2015, which has been fully impaired in 2016.

17. Term deposits

	2023 RO'000	2022 RO'000
Short-term-deposits	**720,343**	593,632

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 6.20% (2022: 0.95% to 5.6%), 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.

18. Other non-current assets

	2023 RO'000	2022 RO'000
Staff benefits & staff housing loans	**1,411**	1,802
Deferred expenditure	**2,770**	2,828
Other receivables and advances	**-**	133
Other investments	**8,621**	2,342
	12,802	7,105

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

19. Inventories

	2023	2022
	RO'000	RO'000
Finished goods	**372,709**	444,052
Raw materials and work-in-progress	**219,574**	224,882
Stores and spares	**182,451**	186,861
	774,734	855,795
Allowance for slow-moving and obsolescence inventories	**(4,343)**	(3,455)
	770,391	852,340

Inventories that were recognised as an expense during the period presented as cost of raw material under cost of sales Note 34.

Movement in allowance for slow-moving and obsolescence:

	2023	2022
	RO'000	RO'000
At 1 January	**3,455**	3,706
(Reversal)/charge in cost of sales	**888**	(251)
At 31 December	**4,343**	3,455

Charge of RO 0.888 million (2022: Reversal of RO 0.251 million) was charged to cost of sales. The inventories are written down to their net realisable value.

Inventories amounting to RO 130.8 million (2022: RO 187.5 million) have been pledged against loans and borrowings (Note 27).

Inventories amounting to RO 183.63 million (2022: RO 198.08 million) are held at fair value less costs to sell.

Fair value of inventory is a level 2 fair value measurement (Note 44) using observable market prices obtained from reference exchange traded reference indices or market data providers adjusted for location and quality differentials. There are no significant unobservable inputs in the fair value measurement of such inventories.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

20. Trade and other receivables

	2023 RO'000	2022 RO'000
Trade receivables	**1,198,305**	1,386,861
Less: Allowance for expected credit losses	**(19,903)**	(14,154)
	1,178,402	1,372,707
Other receivables	**245,118**	204,361
Advances to suppliers	**7,301**	27,124
Advances to employees	**867**	729
Prepaid expenses	**17,018**	25,609
	1,448,706	1,630,530

Substantially all receivables of Oman Oil Holding Europe BV amounting to RO 42.8 million (2022: RO 43.5 million) are either assigned and transferred for security purposes or pledged.

Oman Oil Holding Europe BV has an Asset Backed Securities (ABS) Program with Landesbank Baden-Württemberg in place, which provides a facility for the sale of trade receivables for funding amounts which may vary between RO 23 million to RO 45 million (€55—€80 million) and OMR 12 million to 31 million (USD30- 85 million). As at 31 December 2023, the limits were set at OMR 31 million (€65 million) and OMR 23 million (USD50 million). The program matures in November 2024.

21. Derivatives

	Derivatives assets		Derivatives liabilities	
	2023 RO'000	2022 RO'000	2023 RO'000	2022 RO'000
Derivatives held for trading	**15,905**	18,572	**14,980**	32,493
Cash flow hedges	**83,910**	148,841	**106**	105
	99,815	167,413	**15,085**	32,598
Less: current portion	**(63,648)**	(96,175)	**(15,085)**	(32,598)
Non-current portion	**36,167**	71,238	**-**	-

The Group uses interest rate swap contracts to manage exposure to interest rate risk resulting from borrowings. These hedges are designated as cash flow hedges.

The Group's physical and financial commodity contracts, other than those which do not meet the criteria under IFRS 9 hedging accounting, are classified as held for trading.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

21. Derivatives (continued)

The below table summarize the nominal amounts of the derivatives designated as cash flow hedges:

RO'000	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
31 Dec 2023	**214,484**	**407,153**	**897,169**	**110,023**	**23,123**	**1,651,952**
31 Dec 2022	224,624	215,622	621,637	943,755	86,560	2,092,198

The below table summarize the profile tenor of the carrying amount of derivatives in the cash flow hedge relationship. The weighted average interest rate of these interest rates swaps was 0.5091%-3.3620% (2022: 0. 5091%-3.3620%).

RO'000	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
31 Dec 2023	**35,773**	**24,685**	**22,530**	**641**	**83**	**83,712**
31 Dec 2022	36,228	35,888	51,592	24,871	262	148,841

The notional amounts of outstanding commodity and currency swap contracts are as follows:

	2023 RO'000	2022 RO'000
Commodity swap contracts	**265,452**	4,750,339
Currency swap contracts	**-**	-

The derivatives are entered into with bank and financial institution counterparties, which are rated AA- to B+, based on reputable credit rating agencies.

More details on derivatives and how they are used to hedge various risks are disclosed in Note 44. Movement in fair value of cash flow hedges is disclosed in Note 26.

22. Cash and cash equivalents

	2023 RO'000	2022 RO'000
Bank balances (current and call accounts)	**1,654,704**	985,252
Cash balance	**85**	107
	1,654,789	985,359

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

22. Cash and cash equivalents (continued)

Cash and cash equivalents included in the consolidated statement of cash flows include bank balances, cash and call deposits with a maturity of three months or less from the date of acquisition. Call deposits carry annual interest at rates ranging between 1.25% to 5.80% per annum (2022: 0.01% to 5.45% per annum).

The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to BB, based on reputable credit rating agencies. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

23. Share capital

	Authorised		Issued and paid up	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Ordinary shares of RO 1 each,				
At 1 January	**5,000,000**	5,000,000	**3,556,447**	3,428,436
Increase during the year	**-**	-	**-**	128,011
Ordinary shares of RO 1 each,				
At 31 December	**5,000,000**	5,000,000	**3,556,447**	3,556,447

During 2022, 100% of shares of Majis Industrial Services SAOC were transferred from OIA to the Parent Company for RO 176 million which was partially settled as increase in share capital of RO 128 million and partially against other receivables from OIA of RO 47 million.

Proposed dividend

The Board of Directors in their meeting held on 26th March 2024 has proposed a dividend of RO 0.5 billion (USD 1.3 billion) related to financial year 2023. The dividend is subject to the approval of shareholders in the Annual General Meeting to be held in 28th March 2024.

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 financial year 2022 RO 225.8 million (2022: RO 111.5 million) of the Parent Company's annual profit was transferred to the legal reserve. The reserve is not available for distribution.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

25. Other reserve

Other reserve movement during the year mainly relates to the following:

- Abraj Energy Services SAOG (Abraj) IPO
  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 recognized 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 as a fully consolidated subsidiary as outlined in Note 2.

- OQ Gas Networks SAOG (OQ GN) IPO
  During Q3 2023, an initial public offering was launched for OQ GN, and as a result of divestment of 49% of shares of OQ GN, a loss of RO 32.6 million was recognized in the consolidated statement of changes in equity under "other reserves". OQ Group continues to control 51% of OQ GN and its remains as a fully consolidated subsidiary as outlined in Note 2 and 35b.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

26. Hedge and fair value reserves

Movement in reserve during the year 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	**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)**	**(11,549)**
At 31 December 2023	**65,837**	**57,788**	**123,625**

27. Loans and borrowings

The following Group entities have availed loans and borrowings from banks and other financial instruments are detailed below:

	2023 RO'000	2022 RO'000
Parent Company (i)	**309,608**	512,231
OQEP (ii)	**174,062**	302,458
Oman Oil Holding Europe B.V. (iii)	**368,705**	361,792
OQ Trading Limited (iv)	**189,867**	117,473
OQ Methanol LLC (v)	**180,427**	206,363
Takamul Investment Company SAOC (vi)	**101,077**	96,933
OQ Gas Network SAOG (vii)	**329,468**	250,795
OQ RPI (viii)	**1,571,993**	1,870,070
Oman Oil Facilities Development Company LLC (ix)	**192,028**	207,340
Oman Tank Terminal Company LLC (x)	**126,248**	123,025
Majis Industrial Services (xi)	**31,747**	37,894
Oman Oil Marketing Company SAOG (xii)	**21,033**	10,000
	3,596,263	4,096,374
Less: Current portion	**(931,905)**	(676,051)
Non-current portion	**2,664,358**	3,420,323

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

27. Loans and borrowings (continued)

As at 31 December 2023, carrying value of term loan includes un-amortised deferred finance cost amounting to RO 67.82 million (2022: RO 81.46 million).

(i) Parent Company

	2023	2022
	RO'000	RO'000
Revolving credit facility (a)	-	-
Term loan facilities (b)	22,745	225,817
Bond (c)	286,863	286,414
	309,608	512,231

a. Revolving credit facilities

As at the reporting date, the Parent Company has not withdrawn any amount under the RCF facility (2023: Nil).

As at the reporting date, the Revolving Credit Facility ("RCF") consisted of one facility as follows:

- 2022 RCF. On July 2022, the Parent Company entered a new RCF (the "2022 RCF") agreement amounting to RO [385.1 million] (USD 1 billion) for a period of 3 years, maturing on July 28, 2025, at Term SOFR plus applicable margin (depending on Oman Sovereign rating) per annum.

- The Parent Company must pay commitment fees on the applicable margin on the unutilised portion of the facility amount and payment would be made on quarterly basis.

The RCF facility is denominated in US Dollar.

Covenants:

The RCF facility contains the following financial covenants:

- To maintain a minimum tangible net worth of the Parent Company and its subsidiaries; or

- The Government of the Sultanate of Oman shall retain the direct or indirect legal ownership of at least 100% of the issued share capital of the Company; or

- At least one of Standard & Poor or Moody's shall rate the Sultanate of Oman.

Otherwise, the outstanding amounts under RCF will become repayable on demand, if requested by the lenders. The Parent Company has complied with these covenants throughout the reporting period.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

27. Loans and borrowings (continued)

(i) Parent Company (continued)

b. Term loan facilities

	2023 RO '000	2022 RO '000
Term loan I Tranche A	-	9,625
Term loan I Tranche B	-	104,555
Term loan II	**24,500**	35,000
Term loan III	-	25,032
Term loan IV	-	57,765
	24,500	231,977
Less: Deferred financing costs relating to term loan facility	**(1,755)**	(6,160)
	22,745	225,817
Current portion	**10,500**	110,028
Non-current portion	**12,245**	115,788

Term Loan I

On 28 July 2020, the Parent Company entered into a five-year unsecured syndicated term loan facility, which has two tranches:

- Tranche A: a five-year RO 110.5 million (USD 286.9 million) facility with a floating rate of interest set by reference to the Central Bank of Oman's weighted average interest rate for RO deposits of more than one year plus applicable margin. Effective from June 2022, the Parent Company decided to cancel RO 100.85 million of the available committed amounts, reducing the facility to RO 9.6 million.

- Tranche B: a five-year RO 233.0 million (USD 605 million) facility with a floating rate of interest set by reference to U.S. dollar LIBOR plus applicable margin. Effective from June 2022, the Parent Company decided to cancel RO 23.9 million (USD 62.0 million) of the available committed amount, reducing the facility to RO 209.1 million (USD 543.0 million).

During the year 2023, the loans for both Tranche A and Tranche B were fully repaid for RO 80 million (USD 208 million).

Term Loan II

On 27 September 2020, the Parent Company entered into a five-year unsecured RO 35 million (USD 91 million) Islamic facility. Under the facility, the Parent Company pays semi-annual profit which varies and is set by reference to the Central Bank of Oman's weighted average interest rate for RO deposits of more than one year plus applicable margin. The facility is denominated in Omani Rials.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

27. Loans and borrowings (continued)

(i) Parent Company (continued)

Covenant:
This term loan contains a financial covenant to maintain a minimum tangible net worth of the Parent Company and its subsidiaries.

Repayment:
The term loan is repayable in 5 semi-annual instalments of RO 5.25 million starting from June 2023 with a final instalment of RO 8.75 million payable in December 2025.

Term Loan III

On 8 November 2020, the Parent Company entered into an additional unsecured Islamic facility of USD 130 million with a five-year tenor. Under the facility, the Parent Company pays a floating rate of interest set by reference to U.S. dollar LIBOR plus applicable margin. The facility is denominated in US dollars.

During the year 2023, the loan was fully repaid for RO 21.2 million (USD 55 million).

Term Loan IV

On 24 February 2021, the Parent Company entered into a credit facility of USD 150 million with a two-year tenor. Under the facility, the Parent Company pays a floating rate of interest set by reference to U.S. dollar LIBOR plus applicable margin. The facility is denominated in US dollars.

During the year 2023, the loan was fully repaid for RO 57.8 million (USD 150 million).

c. Bond

	2023 RO '000	2022 RO '000
Bond	**288,825**	288,825
	288,825	288,825
Less: Deferred bond cost	**(1,962)**	(2,411)
	286,863	286,414

On 6 May 2021, the Parent Company issued USD Senior Unsecured Notes aggregating RO 288.8 million (USD 750 million) with a maturity date of 7 years paid at the end of the maturity date with a coupon rate of 5.125%. The notes were also issued and sold in accordance with Rule 144A/Regulation S under the U.S. Securities Act of 1933, as amended. Interest is payable semi-annually in arrears on 6 May and 6 November. The notes are listed on the London Stock Exchange's Regulated Market and the proceeds were for general corporate purposes. Transaction costs of RO 2 million are amortized using the effective interest method and are reflected as finance costs.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

27. Loans and borrowings (continued)

(i) Parent Company (continued)

As at the reporting date, fair value of the bond is RO 283 million (USD 735 million). The fair value of the bond is not materially different from it carrying value.

(ii) Long term borrowings of OQEP

	2023 RO'000	2022 RO'000
OQEP (a)	**88,770**	206,664
Abraj Energy Services SAOG (b)	**85,292**	95,794
	174,062	302,458
Classified as:		
Current portion	**102,002**	137,333
Non-current portion	**72,060**	165,125
	174,062	302,458

a) OQEP

	Effective interest rate	**Maturity**	**2023 RO'000**	2022 RO'000
PXF facility	3 Month Compounded SOFR + Margin	September 2021 – September 2024	**88,869**	207,362
Term loan			**88,869**	207,362
Less: un-amortized financing costs			**(100)**	(1,417)
Current portion			**(88,769)**	(118,493)
Non-current portion			-	87,452

In December 2017, OQEP obtained PXF facility from certain financial institutions of USD 1 billion (the PXF Facility). As per original facility agreement, the advance was to be settled in 13 equal quarterly instalments starting from 30 September 2019 to 13 September 2022. During 2019, OQ EP restructured the facility and extended the term of facility by 2 years. Accordingly, the repayment of the advance will be settled in 13 equal installments starting from 30 September 2021 to 30 September 2024. The respective modification has been accounted in accordance with IFRS 9. The facility carries interest at 3-month Compounded SOFR + applicable margin. Interest charges and principal repayments are settled through the delivery of crude oil over the period of the arrangement.

OQ EP also has entered into a Forward Sales Agreement and other ancillary contracts with OQEP PXF 1 B.V. (the Buyer) to physically deliver all of the Group's oil liquid entitlements from Block 60 (Limited to 60% participation, given 40% sale in December 2023), Block 9, Block 61 and Block 53 to the Buyer. Under the agreement the Buyer will retain cash received from the ultimate sale of oil to fund its debt

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

27. Loans and borrowings (continued)

(ii) Long term borrowings of OQEP (continued)

service obligations and administrative expenses, with the balance being paid to OQ EP conditional on meeting certain banks covenants.

(b) Abraj Energy Services SAOG

	Maturity	**2023** RO'000	2022 RO'000
Term loan I	Repaid	**-**	21,630
Term loan II	December 2027	**6,395**	7,500
Term loan III	Repaid	**-**	32,021
Term loan IV	December 2029	**18,770**	19,974
Term loan V	Repaid	**-**	14,669
Term loan VI	February 2030	**28,627**	-
Term loan VII	December 2030	**31,500**	-
		85,292	95,794
Current portion		**(13,232)**	(18,841)
Non-Current portion		**72,060**	76,953

Term loan I

The term loan was fully repaid in December 2023.

Term loan II

The term loan is denominated in Omani Rials. The maturity period and interest rates have been revised. The loan is repayable in 27 quarterly installments of RO 255,822 each up to 2025. The remaining balance is repayable in 8 quarterly installments of RO 543,622 with finally maturity set on December 2027. Interest on the term loan is payable on a monthly basis at the one-year fixed deposit rate of the bank plus a fixed margin. The one-year fixed deposit rate is reset on a semi-annual basis by the bank.

Term loan III

The term loan is fully repaid in February 2023.

Term loan IV

In 2021, the company obtained a term loan denominated in USD to fund new projects, including the acquisition of two rigs and other company assets. The full drawdown was completed by

27. Loans and borrowings (continued)

(ii) Long term borrowings of OQEP (continued)

September 2023. However, the loan was converted to OMR in April 2023. Repayment of the loan is scheduled in 32 equal installments, with the final maturity set for December 2029. The interest on the term loan is payable quarterly, calculated at the one-year fixed deposit rate of the bank plus a fixed margin. The one-year fixed deposit rate is reset on a semi-annual basis by the bank.

Term loan V

The term loan was fully repaid in December 2023

Term loan VI

New term loan acquired during February 2023. The term loan is repayable in 28 quarterly installments with the last instalment due in February 2030. Interest on the term loan is payable at Central Bank of Oman’s weighted average interest rate on Deposit (WAIRD) for private sector OMR time deposits Plus fixed margin.

Term loan VII

During the year, the Company has availed loan from an Islamic Bank. The loan is repayable in 28 quarterly installments. The last instalment is repayable in December 2030. The rate on the Islamic loan is fixed for the first year and thereafter, the rate will be payable at Central Bank of Oman’s Weighted Average Interest Rate on Deposit (WAIRD) for private sector OMR time deposits plus fixed margin for the tenor of the loan.

Security terms for the above loans

Securities for the loans are as follows:

- Clean loan with no mortgage / charge on the assets financed.
- Assignment of respective client’s revenues for the assets financed by the bank.
- Negative lien over the assets financed through management undertaking to the bank.
- There is no breach on any of the covenants as per the facilities documents executed with the bank. (2022: no breach).
- All the USD loans have been swapped with OMR loans during the year.

27. Loans and borrowings (continued)

(iii) Oman Oil Holding Europe B.V.

OOC Holding Europe BV has the following facilities:

Facilities	2023 RO'000	2022 RO'000
Term loan – First Lien B-1 (Euro)	**201,614**	193,675
Term loan – First Lien B-2 (USD)	**167,091**	168,117
	368,705	361,792

In October 2017, OQ Chemicals Holding Drei GmbH, Monheim am Rhein/Germany, and OQ Chemicals Corporation, Houston (TX)/USA, established a Senior Facilities Agreement comprising:

(i) Term loans of RO 201.6 million (€475.0 million) and RO 192.6 million (USD500.0 million) with a maturity in October 2024 and quarterly mandatory repayments (for the USD-tranche only) of 0.25% of the principal.

(ii) Revolving Credit Facility of RO 58.4 million (€137.5 million) with a maturity in October 2023. The Revolving Credit Facility was extended in March 2023 with a new amount of RO 43.5 million (€ 102.5 million) and now matures in July 2024. The total amount is undrawn as at the reporting date.

In line with the credit agreements, OQ Chemicals made mandatory term loan repayments in an amount of RO 1.9 million (USD5.0 million) in 2023. The remaining outstanding amounts as at December 31, 2023 are RO 201.6 million (€475.0 million) and RO 167.5 million (USD435.0 million). The interest rates of the Term Loans are based on EURIBOR/USD-Term SOFR (each subject to a floor of 0%) plus a margin. The margins are determined according to a margin grid if the leverage ratios reach defined levels.

Additionally, OQ Chemicals GmbH, Monheim am Rhein/Germany and OQ Services, LLC, Houston (TX)/ USA maintain an Asset Backed Commercial Paper (ABCP) Program with Landesbank Baden-Württem berg, which provides a facility for the sale of trade receivables. As customer collections are permanently being paid into bank accounts of the Sellers under the ABCP-program, the accounts at year-end show liabilities of RO 0.8 million (€1.9 million) and of RO 6.0 million (USD15.7 million) against the Purchaser resulting from collections that have not yet been passed onward as well as from a continuing involvement and from a liability for the value of the expected loss.

(iv) OQ Trading LLC (OQT)

On 31 December 2023, the Group had loans and overdrafts of RO 189.9 million (USD493m) (2022: RO 117.5 million (2022: USD 305 million)) and these were drawn from its 3rd party facilities. Net movement on loans and overdrafts amounted to RO 72.4 million (USD188 million) (2022: RO 127.2 million (USD 330.3 million)).

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

27. Loans and borrowings (continued)

(iv) OQ Trading LLC (OQT) (continued)

The Groups trading activities are financed via a diversified range of short-term working capital facilities:

A syndicated RO 452.5 million (USD 1,175 million) (2022: RO 452.5million (USD1,175 million)) secured uncommitted Borrowing Base Facility (BBF) from 12 international investment grade commodity trade finance banks, which has a 12-month term ending June 2024. The facility carries charges and interest at prevailing competitive commercial market rates. The BBF is secured by a charge on specific assets of the Group primarily comprised of trade accounts receivables, inventories, bank balances and cash. Applicable financial covenants for the BBF include a requirement for a minimum tangible net worth and current ratio of the Group. The Group was compliant with these covenants as at 31 December 2023.

A committed Revolving Credit Facility (RCF), syndicated and unsecured facility for RO 115.5m (USD300m) 2022: RO 77m (2022: USD 200m) with leading Middle Eastern lending banks for a 12-month term ending in February 2024.

Numerous committed and uncommitted bilateral working capital credit facilities from a diversified pool of banks totaling RO 962.4 (USD 2,499m) 2022: 927.3 (2022: USD 2,408m). The facilities carry charges and interest at prevailing competitive commercial market rates. The bilateral facilities are typically secured by the underlying physical commodity transaction, primarily comprised of trade accounts receivables, inventories, bank balances or cash. Applicable financial covenants for each bilateral working capital facility include a requirement for a minimum tangible net worth and current ratio of the Group. The Group was compliant with all covenants as at 31 December 2023.

(v) OQ Methanol (SFZ) LLC

	2023	2022
	RO'000	RO'000
Syndicated facilities	**182,500**	209,102
Less: Un-amortised deferred finance cost	**(2,073)**	(2,739)
	180,427	206,363
Less: Current portion	**(26,890)**	(22,679)
	153,537	183,684

OQ Methanol has syndicated long-term loan facility ("syndicate facility") in the aggregate amount of RO 280.35 million (USD 728 million) under a facility agreement dated 13 July 2017.

The facility is repayable in eighteen semi-annual instalments, in amounts ranging from RO 2.89 million (USD 7.50 million) to RO 10.59 million (USD 27.70 million). Repayment commenced from December 2020. The facility bears interest at US compounded SOFR rates plus margins ranging from 2.80% to 3.35% depending upon outstanding facilities and status of the project in relation to completion.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

27. Loans and borrowings (continued)

(v) OQ Methanol (SFZ) LLC (continued)

The syndicated loan facility is secured by comprehensive legal and commercial mortgages on all the assets of the Company. The facility contains certain general and project undertakings pertaining to, amongst other things, compliance with laws, negative pledges, disposals, loans or credit, dividends, share redemption and subordinated shareholder loan, financial indebtedness, merger, change of business and acquisitions. The facility was obtained to refinance the old term loan facility, repayment of loans provided by the Shareholders and to fund Ammonia Project Costs. As at 31 December 2023, there was no breach of covenants (2022: none).

(vi) Takamul Investment Company LLC

	2023	2022
	RO'000	RO'000
Term loans *(OARC)*	**93,249**	95,420
Overdraft *(OARC, SPC & SSF)*	**7,828**	1,513
	101,077	96,933
Less: Current portion	**(7,828)**	(1,513)
	93,249	95,420

Oman Aluminium Rolling Company LLC (OARC)

In 2011, the Company obtained syndicated term loan facilities from commercial banks in Oman for an amount of RO 74.3 million (USD 193 million) [US Dollar Base Facility and Rial Omani Base Facility]. Further, in 2011 the Company obtained working capital facilities denominated in US Dollar amounting to RO 25 million (USD 65 million)] and Rial Omani denominated facilities amounting to RO 3 million (USD 7.8 million).

Considering the liquidity position of the Company and breach of certain loan covenants, the commercial lenders restructured the term loan facilities of the Company on 4 November 2018 and provide an additional term loan facility of RO 22.5 million (USD 58.6 million) towards repayment outstanding amount under existing facility. Further the repayment dates and interest rates were also restructured. The management has assessed the impact of modification as substantial and accordingly derecognized the old facility and recognized the new facility. Further the deferred finance costs have been charged to profit or loss account for the year of restructuring 2018.

The syndicated term loan facilities have been 100% (2022: 100%) utilized by the company.

Interest
The term loan facilities bear variable and fixed interest rates as follows:

US Dollar denominated facility bear variable interest rate at carrying interest at LIBOR plus 4% per annum till 28th June 2023 and from 29th June 2023, on completion of transition from LIBOR to

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

27. Loans and borrowings (continued)

(vi) Takamul Investment Company LLC (continued)

SOFR interest rates for LTR facility is bearing variable interest rate at three months SOFR on the effective date plus margin of 3% plus Credit Adjustment Spread (CAS) of 0.15% [2022: USD LIBOR on the effective date plus margin of 3%] and mandatory costs, if any.

Rial Omani denominated facility bears fixed interest rate at a rate of 4.5% (2022: 4.5%) per annum.

Repayment schedule
The loans are repayable in 20 semi-annual installments commencing from the first repayment date of 30 June 2022. Prior to restructuring, the loans were repayable in 18 semi-annual installments commencing from earlier of 15 October 2016 or 30 months from the commercial operation date.

Covenant compliance
The company is in compliance to all applicable covenants for stated loan facilities as at 31 December 2023.

Commitment and other fees
Under the terms of the credit facilities, the Company is required to pay commitment fees, arrangement fee, security agent fee and facility agent fee. These are considered as costs of borrowings.

Security
The Company has created a commercial mortgage on all the assets and also assigned its rights on all the insurance proceeds related to project assets in favor of the lenders as a security against the borrowings.

Sohar Paper Cores LLC (SPC)
The borrowings comprise overdraft and loans against trust receipts obtained from a local commercial bank at commercial rates. The interest rates are subject to re-negotiation with bank during the renewal of the credit facilities, which generally takes place on an annual basis. Borrowings are secured by the commercial mortgage over the company’s assets, assignment of insurance over the assets financed and corporate guarantee of the parent company. The facilities agreement contains certain restrictive covenants which, if violated could permit the bank to cancel or reduce the facilities granted. As at 31 December 2023, SPC was not in breach of such covenants.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

27. Loans and borrowings (continued)

(vii) OQ Gas Networks SAOG

	2023	2022
	RO'000	RO'000
Term loan	**333,124**	252,903
Less: Unamortized transaction cost	**(3,656)**	(2,108)
	329,468	250,795
Analysed as follows:		
Current	**9,275**	30,870
Non-current	**320,193**	219,925
	329,468	250,795

	2023	2022
	RO'000	RO'000
The unamortized transaction cost is as follows:		
At 1 January	**2,108**	2,614
Paid during the year	**3,912**	-
Amortized during the year	**(2,364)**	(506)
At 31 December	**3,656**	2,108

Term loan I

On 19 June 2023, the Company entered into two unsecured conventional term financing facilities of RO 60 million, denominated in Omani Rial and RO 86.65 million (USD 225 million), denominated in US Dollars, with a syndicate of financial institutions. On 19 and 20 June 2023, the Company entered into two Wakala Facility Agreements with local and regional banks, of RO 165 million, denominated in Omani Rial and RO 152.11 million (USD 395 million), denominated in US Dollars

During the year, the Company made a drawdown of RO 338 million on these facilities primarily to repay the existing loan facilities and the loan from Parent Company.

Repayments

These facilities are repayable in semi-annual instalments commencing six months after the date of execution of the relevant agreement, with the final instalment repayable on the 10th anniversary of the Omani Rial denominated facilities; and the seventh anniversary of the USD denominated facilities.

Interest:

Interest on Omani Rial denominated facilities is payable at the fixed rate of 5.70% per annum until the 4th anniversary and thereafter at the base rate (the monthly "Private Sector OMR Time Deposit" rate as published in the most recent CBO Bulletin) plus 2% per annum, while interest on USD denominated facilities is payable at the compounded SOFR rate, plus the applicable margin, which is set at 1.9% per annum.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

27. Loans and borrowings (continued)

(vii) OQ Gas Networks SAOG (continued)

Covenants:

The Company is not subject to any financial ratio covenant in relation to these facilities.

Term loan II

On 24 February 2020, the Company entered into a seven year USD 800 million (RO 308 million) syndicated loan facility. The term loan was unsecured and was repayable in 14 semi-annual unequal instalments commencing from 24 August 2020 and carried an interest rate of LIBOR rate plus applicable margins. The proceeds from the term loan had been used to partially settle an earlier term loan which was fully repaid in 2021. The Company was not subject to any financial ratio covenant in relation to this facility. This facility was fully repaid in 2023.

(viii) OQ RPI

	2023	2022
	RO'000	RO'000
Term loan I	**462,120**	666,971
Term loan II	**45,249**	52,791
Term loan III	**1,122,229**	1,215,945
	1,629,599	1,935,707
Less: Deferred financing costs relating to term loan facilities	**(57,606)**	(65,637)
	1,571,993	1,870,070
Less: Current portion	**(180,116)**	(210,134)
Non-current	**1,391,877**	1,659,936

Term loan I

On 30 April 2014, Refineries entered into a long-term facility agreement with various commercial banks and export credit agencies amounting to USD 2,850 Million. The loan is denominated in US dollars. On 30 June 2014, the new term loan was utilized partly to repay in full the previous outstanding term loans of ORPC and Oman Polypropylene LLC (OPP) and the remaining USD 1,819 million was availed for financing the Sohar Refinery Improvement Project (SRIP).

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

27. Loans and borrowings (continued)

(viii) OQ RPI (continued)

	2023	2022
	RO 000	RO 000
Facility I	**-**	469,806
Facility II	**-**	140,415
Facility III	**-**	14,040
Facility IV	**-**	42,710
Facility V	**462,120**	
	462,120	666,971

Interest on term loans:
The loan carries interest at compounded SOFR plus applicable margin. For the Facility II the margin is fixed.
Interest is payable quarterly. If Refineries fails to pay any due balances as per the facility agreements, then interest will be accrued on the overdue amount at certain agreed percentage above the rate.

Repayments:
The loans are repayable in semi-annual instalments started from May 2018.

The maturity profile of the term loan is as follows:

	2023	2022
	RO 000	RO 000
Less than 1 year	**47,367**	108,875
From 1 to 2 years	**56,425**	104,814
From 2 to 5 years	**159,801**	453,282
Over 5 years	**198,527**	-
	462,120	666,971

Fair value:
The term loan facilities carry an interest rate which varies with market rates, and therefore the fair value of the loan approximates its carrying value.

Support:
Shares of the company held by equity investors are pledged.

Covenant:
OQ Refineries has to maintain a minimum debt service coverage ratio of 1.35:1 if it intends to distribute dividends.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

27. Loans and borrowings (continued)

(viii) OQ RPI (continued)

Term loan II

On 16 December 2014, OQ Logistic entered into a long-term loan facility agreement for USD 235 million (RO 90.5 million) with a commercial bank with the purpose to support the MSPP loan is denominated in US Dollars.

Interest:
The Loan carries interest at SOFR plus applicable margin.

Repayments:
The repayment of loan is in 24 equal semi-annual instalments of USD 9.79 million starting from 19 June 2018.

The maturity profile of the term loan is as follows:

	2023 RO'000	2022 RO'000
Less than 1 year	**7,542**	7,542
From 1 to 2 years	**7,542**	7,542
From 2 to 5 years	**22,624**	22,623
More than 5 years	**7,542**	15,084
	45,250	52,791

Loan covenants:
During the year, OQ Logistic was in compliance with the minimum required debt service coverage ratio of 1.2:1 and maximum debt to equity ratio of 70:30.

Term loan III

On 3 March 2016, OQ Plastic has entered into long term facility agreements with various commercial banks and export credit agencies amounting to RO 1,463 million (USD 3,800 million) for financing the construction of Liwa Plastics Industrial Complex project. The loan is denominated in US dollars.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

27. Loans and borrowings (continued)

(viii) OQ RPI (continued)

	2023	2022
	RO'000	RO'000
Facility I	**390,283**	430,747
Facility II	**180,219**	193,330
Facility III	**92,262**	98,975
Facility IV	**258,334**	277,129
Facility V	**48,284**	51,797
Facility VI	**77,500**	83,139
Facility VII	**33,214**	35,630
Facility VIII	**42,133**	45,198
	1,122,229	1,215,945

Interest on term loans

During 2018 the interest rate of Facility IV was revised to fixed rate effective from 15 June 2018 and all other loan carries interest at synthetic LIBOR (6 month Term SOFR+ CAS) plus applicable margin.

For the Facility I, the margins be fixed and increased gradually. Interest is payable semi-annually. If OQ Plastic fails to pay any due balances as per the facility agreements, then interest will be accrued on the overdue amount at agreed percentage above the rate.

Repayments:
The loans are repayable in semi-annual instalments starting from 15 June 2020. The principal repayment of the term loan is as follows:

	2023	2022
	RO'000	RO'000
Less than 1 year	**125,207**	93,717
From 1 to 2 years	**143,625**	125,207
From 2 to 5 years	**437,539**	437,819
More than 5 years	**415,858**	559,202
	1,122,229	1,215,945

The Company has to maintain a minimum debt service coverage ratio of 1.35:1 if it intends to distribute dividends and also a maximum debt to equity ratio of 65:35. For the purposes of calculating debt to equity ratio, equity includes shareholder loan and excludes accumulated losses and other reserves.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

27. Loans and borrowings (continued)

(viii) OQ RPI (continued)

Security:
The loan is supported by standby equity via an equity subscription, share retention and subordination agreement signed by the shareholders.

(ix) Oman Oil Facilities Development Company LLC

OQLPG	**2023**	2022
	RO'000	RO'000
At 1 January	**207,340**	227,413
Loan obtained during the year	**-**	-
Repayments during the year	**(12,276)**	(16,694)
At 31 December	**195,064**	210,719
Unamortised transaction cost	**(3,036)**	(3,379)
31 December	**192,028**	207,340

Syndicated facility

OQ LPG has syndicated long-term loan facilities ("syndicate facility") from the consortium of the financial institutions in the aggregate maximum amount of RO 246.4 million under a facilities agreement dated 17 May 2017 ("the Facilities Agreement"). At 31 December 2023, fully facility of RO 264.4 million (USD 686.6 million) (2022: RO 210.7 million (USD 547.1 million)) has been drawn.

Facilities repayments

The aggregate amount of the term loan facility and standby term loan facility is repayable in 24 semi-annual instalments. Repayment under the term loan facility commenced from 31 December 2020.

Interest

The syndicated facility bears interest at US LIBOR rates plus margins ranging from 3.15% to 3.45%. (2022: US LIBOR rates plus margins ranging from 3.15% to 3.45%). Effective from Jan 1, 2024 the US LIBOR has been replaced with Over Night RFR SOFR rate with credit adjustment spread of 25%.

Security

The syndicated loan facilities are secured by comprehensive legal and commercial mortgages on all the assets of OQ LPG. The NGSA waterfall mechanism ensures priority rights of lenders on revenue. The Government further secures the lenders right if the Group entity is unable to meet the obligations whereby full liability transferred to the Government.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

27. Loans and borrowings (continued)

(ix) Oman Oil Facilities Development Company LLC (continued)

Covenants

The syndicated facility agreement contains certain general and project covenants pertaining to, amongst other things, project finance ratios, liquidation and merger, entering into material new agreements, negative pledges, change of business, loans and guarantees. The syndicated loan facility was obtained to finance the total construction cost of the LPG plant, which is to be shared between the bank creditors and the Company’s shareholders in the ratio of 77.5% and 22.5%, respectively (2022: same covenants).

(x) Oman Tank Terminal Company LLC

The Group entity has signed a facilities agreement dated 8 April 2020 (“the Facilities Agreement”), expiring 10 years from the date of the agreement, to draw upon financing to construct and develop the Crude Handling Facilities. The aggregate maximum amount of RO 134.8 million (USD 350 million) is made available under the facilities agreement. At 31 December 2023 RO 134.8 million (USD 350 million) (2022: RO 123 million (USD 319.5 million)) has been drawn.

Facilities repayments:
The loan is repayable in 14 semi-annual instalments and a balloon payment on the termination date. The repayment commences from earlier of April 2023 or 12 months from the commercial operation date of Duqm Refinery and Petrochemical Industries Company LLC.

Interest:
The term loan bears interest at US LIBOR/SOFR rates plus applicable margin.

Covenants:
The bank will only be obliged to make a loan available to the Borrower if the Debt-to-Equity Ratio is and will not be more than 76:24. The Company can only pay dividends if its debt service cover ratio is equal to or more than 1:1. There are no covenant breaches as at 31 December 2023.

(xi) Majis Industrial Services

	2023	2022
	RO'000	RO'000
Term loan I	**1,878**	3,758
Term loan II	**29,869**	34,136
	31,747	37,894
Less: Current portion	**(6,145)**	(6,147)
Non current	**25,602**	31,747

27. Loans and borrowings (continued)

(xi) Majis Industrial Services (continued)

Term loan 1

Term loan 1 was obtained from a local commercial bank with an initial sanctioned amount of RO 17.80 million (USD 46.23 million) which was revised to RO 19.8 million (USD 51.94 million).

The availability period of the loan was due on 31 December 2015. The term loan has been utilized for meeting capital expenditure for building water utility and support infrastructure for the Sohar Industrial Port Area Project.

On the original limit, the term loan 1 carries an interest of SOFR plus 2.45% per annum and is repayable in 21 half yearly principal instalments of RO 828,770 which commenced from 1 January 2015.

On the additional loan limit of RO 2 million, RO 1,999,556 was availed during the year 2015. The term loan carries interest of SOFR plus 2.65% per annum and is repayable in 17 half yearly principal instalments of RO 111,175 commencing from 30 June 2016 and a final instalment of RO 109,576 in December 2024.

Term loan 2

Term loan 2 was obtained in 2019 from a local commercial bank to purchase shares of an associated company. The sanctioned amount was RO 45 million and was fully disbursed. The loan carries interest at the prevalent benchmark rate (weightage average interest rates on deposit and credit of local conventional banks as published by the Central Bank of Oman + 1.6%). At the end of the reporting period, the applicable benchmark rate was 4.12% per annum (2021 - 4.004% per annum).

The loan is repayable in 21 half yearly installments, which commenced from 31 December 2021.

Securities and collaterals

The term loans are secured by:
- First charge over the Company's assets.
- Pledge of shares of associate.
- Commercial mortgage of certain assets; and
- Assignment of customer receivables, contracts and bonds relating to certain projects.

The term loans are subject to certain covenants relating to maintenance of debt service coverage and gearing ratios.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

27. Loans and borrowings (continued)

(xii) Oman Oil Marketing Company SAOG (continued)

	2023 RO'000	2022 RO'000
Short-term loan	**1,033**	10,000
Term loan	**20,000**	
	21,033	10,000
Less: Current portion	**(1,033)**	(10,000)
Non-current	**20,000**	-

Term loans represents facilities obtained from local banks for the purpose of financing working capital at interest rate prevailing in the market.

The company has unsecured term loan with carrying amount of RO 20 million at fixed interest rate prevailing in the market. Both the principle and accrued interest are payable at the end of the tenure of 24 months. The company is committed to comply with the necessary financial covenants as per the terms of the loan agreement.

28. Lease liabilities

	2023 RO'000	2022 RO'000
Gross lease liability related to right-of-use assets	**338,789**	282,581
Future finance charges on finance leases	**(117,759)**	(85,583)
Present value of lease liabilities	**221,030**	196,998
As at 1 January	**196,998**	182,331
Addition during the year	**63,304**	30,176
Interest charged	**10,417**	9,394
Divestment- Reversal of liability booked (Note 35b)	**(15,778)**	-
Rent concessions	**-**	(162)
Modification (i)	**731**	11,805
Termination	**-**	(530)
Translation differences	**410**	(874)
Payment of lease liabilities	**(35,052)**	(35,142)
As at 31 December	**221,030**	196,998
Analyzed as:		
Current	**33,890**	33,628
Non-current	**187,140**	163,370
	221,030	196,998

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

28. Lease liabilities (continued)

(i) Modification in 2022

Primarily the lease liabilities were re-assessed as at 31 December 2022 to account for inflation in future lease rental. As at 31 December 2022, the lease liability was computed using a discount rate of 6%.

Maturity analysis of lease liabilities is disclosed in Note 44.

29. Employees' end-of-service benefits

	2023	2022
	RO'000	RO'000
At 1 January	**53,058**	54,947
Accrued during the year	**12,023**	10,335
Net actuarial (gain) and loss	**(789)**	(11,101)
Translation differences	**840**	2,019
End-of-service benefits paid	**(3,172)**	(3,142)
At 31 December	**61,960**	53,058

Group companies provide retirement benefits for most of their employees, either directly or by contributing to independently administered funds. The manner in which these benefits are provided varies according to the legal, fiscal and economic conditions of each country. The benefits are generally based on the employees' remuneration and years of service. The obligations relate both to existing retirees' pensions and to pension entitlements of future retirees. Group companies provide retirement benefits under defined contribution and/or defined benefit plans.

i) Oman Oil Holding Europe B.V (OOHE B.V subsidiaries in Germany)

The defined benefit obligations are basically regulated by "Ordnung der betrieblichen Zusatzversorgung". Benefit payments depend on the pensionable income. The monthly payment is between 11.5% and 15% of that part of the pensionable income that exceeds the income threshold in the German statutory pension insurance. Condition precedent to receive the benefit payments is leaving the company at the age of 63 (normal case) or at the age of 60 (early retirement). In addition, the pension scheme also provides benefits in the case of incapacity and for surviving dependents.

The adjustment of the regular benefit payments is made in accordance with § 16 of the German Company Pension Act (Betriebsrentengesetz). These defined benefit plans expose OOHE B.V to actuarial risks, such as longevity risk, currency risk and interest rate risk.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

29. Employees' end-of-service benefits (continued)

Multi-employer plan

For German employees, a basic level of benefits is provided by the legally independent funded plan, Pensionskasse der Mitarbeiter der Hoechst-Gruppe WaG, which is financed by contribution of employees and the Group and by the return on plan assets. This plan is a multi-employer plan in a form of a defined benefit plan, but is accounted for as a defined contribution plan. The reason for this accounting practice is that the plan exposes the participating companies to actuarial risks associated with the current and former employees of other companies. There is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual enterprises participating in the plan. Therefore, the plan is recorded as defined contribution plan in accordance with IAS 19.34.

Based upon the statutory actuarial valuations of 2021, the pension obligations of the legally independent funded plan are fully funded. For 2022, it is expected that the pension fund's liabilities are fully funded by plan assets. In the case where this multi-employer plan faces a situation where the pension plan liabilities exceed plan assets, this can be remedied by either increasing the employer's contribution to the pension plan or by reducing the benefits which are paid to entitled parties. In the event that pension plan benefits are reduced, it has to be verified whether this will trigger a requirement for additional funding by the employer. This decision is at the discretion of the board of the pension fund, which comprises representatives of the participating companies and employee representatives.

Defined benefit plans

All other retirement benefit plans are defined benefit plans, which are unfunded, i.e., financed by provisions. The actuarial valuations using the projected unit credit method per IAS 19 were undertaken using the following assumptions:

	2023	2022
Discount rate	**3.57%**	3.50%
Projected salary increase	**3.00%**	3.00%
Projected pension increase	**2.20%**	2.20%

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

29. Employees' end-of-service benefits (continued)

i) Oman Oil Holding Europe B.V (OOHE B.V subsidiaries in Germany) (continued)

Assumptions regarding future mortality are based on published statistics and mortality tables. Age and gender specific fluctuation likelihoods were taken into account. The status of unfunded defined pension benefit obligations were computed as follows based on the above parameters:

	2023 RO'000	2022 RO'000
Defined benefit obligation as of January 1	**23,692**	32,916
Benefits paid	**(748)**	(564)
Current service cost	**592**	884
Interest cost	**860**	395
Past service cost	**1,355**	917
Net actuarial (gain) / loss		
- changes in financial assumptions	**(422)**	(10,191)
- experience adjustment	**(298)**	(1,947)
Translation differences	**840**	1,282
Defined benefit obligation as of December 31	**25,871**	23,692

The weighted-average duration of the defined benefit obligation is 19 years (2022: 19 years).

The costs for the defined benefit pension plans are comprised as follows:

	2023 RO'000	2022 RO'000
Current service cost	**592**	884
Interest cost	**860**	395
Past service cost	**1,355**	917
Pension expense	**2,807**	2,196

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

29. Employees' end-of-service benefits (continued)

i) Oman Oil Holding Europe B.V (OOHE B.V subsidiaries in Germany) (continued)

Expected payments from pension obligations existing at 31 December 2023 are as follows:

	2024	2025	2026	2027	2028	2029-2033
Pension obligations (in RO'000)	**972**	**1,016**	**1,082**	**1,207**	**1,207**	**6,423**

Sensitivity analysis 2023

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2023 RO'000	2022 RO'000
Defined benefit obligation as at 31 December	**25,871**	23,692

	2023 RO'000		2022 RO'000	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.50% points)	**23,410**	**27,056**	23,503	27,349
Projected salary (0.50% points)	**25,257**	**25,024**	25,421	25,198
Projected pension (0.50% points)	**26,629**	**23,781**	26,934	23,819

ii) Oman based group companies

The Group entities operating in Oman also provide end-of-service benefits to its expatriate employees. End-of-service benefits are in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 and its amendments subject to the completion of a minimum service period. As at 31 December 2023, the amount of obligation is computed by actuarial valuations using the projected unit credit method as per IAS 19. Following are the key assumptions used in the actuarial valuation:

	2023	2022
Discount rate	**6%**	6%
Future salary increase	**3%**	3%
Retirement age in years	**60**	60

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

29. Employees' end-of-service benefits (continued)

ii) Oman based group companies (continued)

Maturity profit of the obligation is as follows:	**2023 RO'000**	2022 RO'000
Less than 1 year	**2,485**	2,257
More than 1 year	**8,275**	8,265
	10,760	10,522

Movement in the present value of obligation is as follow:	**2023 RO'000**	2022 RO'000
At 1 January	**10,522**	9,986
Service cost	**2,101**	1,888
Benefits paid	**(1,127)**	(3,125)
Actuarial gains (losses) on obligation	**(736)**	1,773
At 31 December	**10,760**	10,522

The weighted-average duration of the defined benefit obligation is 10.93 years (2022: 11.13 years).

The amount recognised in the consolidated statement of profit and loss is as follows:

Service cost	**2,101**	1,888

The amount recognised in the consolidated statement of other comprehensive income:

Actuarial gain (loss) – experience adjustment	**(736)**	1,773

Sensitivity analysis 2023

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2023 RO'000		2022 RO'000	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.50% points)	**(244)**	**255**	(287)	295
Projected salary (0.50% points)	**261**	**(252)**	299	(294)

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

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
(Reversals) / Additions	(17,032)	33,241	16,209
Unwinding of commitment to MEM	-	(6,401)	(6,401)
Unwinding of discount	7,870	-	7,870
At 31 December 2022	**90,626**	**34,560**	**125,186**
Additions	**24,498**	**27,822**	**52,320**
Divestment of Block 60 (Note 35b)	**(21,833)**	**-**	**(21,833)**
Unwinding of commitment to MEM	**-**	**(7,661)**	**(7,661)**
Unwinding of discount	**7,204**	**-**	**7,204**
At 31 December 2023	**100,495**	**54,721**	**155,216**

i) Site restoration

The Group makes full provision for the future cost of site restoration and abandonment oil and gas assets by discounting the future expected cash flows at a pre-tax rate that reflect current market assessment of the time value of money and the risk specific to the liability. The site restoration and abandonment provision represent the present value of site restoration and abandonment costs relating to oil and gas assets, which are expected to be incurred up to the point when the producing oil and gas assets are expected to cease operations. These provisions have been created either based on the Group's internal estimates or through independent external consultants.

Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time.

Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain. The discount rate used in the calculation of the provision as at 31 December 2023 were in range from 6.75% to 7.29% (2022: 6.75% to 7.29%). The change in discount rate resulted in an increase of provision of RO 2.7 million (2022: RO 17.0 million) as at 31 December 2023. The outflow of resources from the settlement of provision are expected to occur between 2027 to 2043.

ii) Provision for rich gas

This represents accrued expenses in relation to the rich gas supplied for OQ LPG plant. The amount of provision is recognised based on the future projections of OQ LPG. The discount rate used in the

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

30. Provisions (continued)

calculation of provision as at 31 December 2023 was 7.29% (2022: 7.29%). The outflow of resources from the settlement of provision are expected to occur from 2025.

31. Related party transactions and balances

The Group, in the normal course of business, enters in to transactions with other enterprises, which fall within the definition of a related party contained in IAS 24. 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:

	2023	2022
	RO'000	RO'000
Purchases of goods and services		
- OIA and its' subsidiaries	**3,775,796**	5,464,959
- Associates and joint ventures	**1,129,558**	154,440
- Other common control entities	**170,846**	575,334
Sale of goods and services		
- OIA and its' subsidiaries	**161,572**	150,558
- Associates and joint ventures	**534,451**	150,153
- Other common control entities	**105,844**	13,836
Interest expense		
- Other common control entities	**1,365**	737
Board sitting fee	**182**	68
Directors' remuneration	**633**	363

The remuneration of key management of the group during the year was as follows:

Short-term benefits	**11,661**	6,651
Employees' end of service benefits	**434**	685

As a result of Group's realignment of its operating strategies, the Executive Leadership Team (ELT) was constituted at the start of the group integration process, which consists of representatives of all group Business Lines and Functions. The members of ELT were considered as key management personnel for the purpose of this note.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

31. Related party transactions and balances (continued)

	2023	2022
	RO'000	RO'000
Amount due from related parties – non-current		
Associates and joint ventures (I, ii & iii))	**101,339**	93,507
Allowance for credit loss (i)	**(7,310)**	(6,882)
	94,029	86,625
Amount due from related parties –current		
OIA and its' subsidiaries	**136,712**	68,182
Associates and joint ventures	**96,084**	4,701
Other common control entities	**2,413**	-
	235,209	72,883
Amount due to related parties – current		
OIA and its' subsidiaries	**699,506**	809,689
Associates and joint venture	**241,571**	23,476
Other common control entities	**1,300**	-
	942,377	833,165
Amount due to related parties – non-current		
OIA and its' subsidiaries	**9,242**	9,242

(i) This includes loan to ABIS amounting to RO 7.2 million (2022: RO 6.8 million). The loan represents the following:

- Interest bearing loan from OQ Plastic LLC of RO 4.1 million;
- Interest free loan from OQ Plastic LLC of RO 1.0 million; and
- Interest bearing loan of RO 2.1 million from OQ Refineries LLC.

Furthermore, as at 31 December 2023, the Group has accrued interest income of RO 1 million from the above loans which is recognised under other receivables. The total amount of loan and interest accrued thereon amounting to RO 8.1 million, was impaired as at 31 December 2023.

(ii) This includes an amount of RO Nil (2022: RO 12.6 million) due from OIA in respect of transfer of Takatuf and OSC (Note 16a).

(iii) RO 89.2 million (2022: RO 86.8 million) loan was provided by the OOFDC (fully owned subsidiary of OQ) to DPC to fund the construction of the power and water project. This loan is interest free until the Commercial Operations Date ("COD"). The DPC shall repay the loan at the times and in the amounts from time to time as agreed with the Company but only once the COD has occurred. Accordingly, the loan has been classified as non-current asset.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

31. Related party transactions and balances (continued)

In accordance with IAS 24 "Related Party Disclosures", OQ SAOC has elected to disclose qualitatively the transactions and balances with the Oman Investment Authority (OIA) and other entities over which the Government of Oman exerts control, joint control or significant influence. The nature of the transactions and balances that OQ SAOC has with such related parties are procurement of services such as utilities and leases.

For the purposes of impairment assessment, amount due from related parties are considered to have low credit risk as the counterparty of this receivables are from OIA affiliated companies which is considered as equivalent of the Government of Oman and having a credit rating of BB+ stable.

32. Other liabilities – non-current

	2023	2022
	RO'000	RO'000
Deferred payment obligation	**1,540**	1,540
Deferred income	**12,986**	8,098
Other payables	**5,143**	5,615
	19,669	15,253

33. Trade and other payables

	2023	2022
	RO'000	RO'000
Trade payables	**294,387**	544,607
Accrued expenses	**534,915**	440,725
Other payable	**252,947**	375,559
	1,082,249	1,360,891

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.

	2023	2022
	RO'000	RO'000
Products transferred at a point in time		
Sale of petroleum products	**12,677,797**	13,708,642
Sale of chemical products	**560,826**	769,148
Sale of aluminum products	**105,547**	218,293
Others	**7,691**	9,931

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

34. Revenue (continued)

	2023	2022
	RO'000	RO'000
Products and services transferred over a period of time		
Construction related revenue	**161,643**	150,773
Oil field services	**144,407**	184,463
Others	**38,809**	26,202
	13,696,720	15,067,452

Cost of sales

	2023	2022 .
	RO'000	RO'000 .
Cost of materials	**11,325,897**	12,166,608
Salaries and wages (Note 38.1)	**195,408**	191,905
Depreciation charged (Note 6)	**608,006**	654,493
Other overheads	**287,659**	272,891
	12,416,970	13,285,897

The decline in revenue was a result of the normalization of oil prices due to macroeconomic factors. Details regarding the geographical breakdown of revenue can be found in Note 47. Revenue generated from specific assets is allocated to borrowers against the facilities provided by them, as outlined in Note 27.

35a Investment income

	2023	2022
	RO'000	RO'000
Dividend income on investments (i)	**9,958**	4,764
Net gain on disposal of investments (ii)	**291,491**	-
	301,449	4,764

(i) During the year ending December 2023, Dividend income of RO 9.9 million was recorded for Vale Oman Peletizing Company (FY2022 RO 4.7 million)

(ii) OQ SAOC disposed of 30.53% investment in Gulf Energy Maritime PJSC (GEMS) with a gain of RO 16.8 million was recorded during the year ended December 2023, and OQEP entered into farm out agreement with a gain of RO 274 million (refer to note 35b).

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

35b 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 each of the 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 RO'000	Block 48 RO'000	Total RO'000
Cash consideration	400,765	11,504	412,269
Deferred consideration	43,813	-	43,813
Total consideration	**444,578**	**11,504**	**456,082**
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 (Note 0)	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
Gain on divestment (B60)/Other reserve (B48)	**274,658 (i)**	**3,475 (ii)**	**278,133**

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.

36. Share of result of equity accounted investments

	2023 RO'000	2022 RO'000
Share of results of associates (Note 11)	**33,206**	46,041
Share of results of joint ventures (Note 12)	**42,616**	169,135
	75,822	215,176

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

37. Other income / expenses – net

	2023 **RO'000**	2022 RO'000
Lease income (Note 14)	**22,527**	23,419
Income from services provided to OQ8	**4,188**	10,922
Loss on disposal of fixed assets	**(11)**	(1,645)
Other operating income	**26,223**	11,965
	52,927	44,661

38. Administrative expenses

	2023 **RO'000**	2022 RO'000
Staff related expenses (Note 38.1)	**150,950**	143,094
Depreciation and amortization (Note 6)	**80,518**	32,896
Professional fees *	**28,501**	17,548
Exploration expenditure, including write offs	**125**	457
Selling and distribution expenses	**26,563**	42,192
Traveling expenses	**7,186**	8,545
Corporate social responsibility (CSR) expenses	**4,429**	4,571
Research and development	**2,565**	3,223
IT expenses	**29,768**	18,748
Insurance costs	**17,254**	19,217
Repair and maintenance	**20,737**	16,144
Other administration expenses	**58,863**	51,014
	427,459	357,649

* This includes remuneration paid to auditors' for the year 2023, which amounts to RO 899,665 for audit services and RO 290,324 for non-assurance services, which includes audit related services amounting to RO 12,000 for agreed-upon procedures, RO 109,284 for tax-related services, RO 154,040 for IPO related services and RO 15,000 for OQ Group Scorecard review.

38.1 Staff related expenses of the Group included in administrative expenses and cost of sales comprise the following:

	2023 **RO'000**	2022 RO'000
Wages and salaries	**286,846**	272,660
Performance bonus	**29,287**	27,437
End of service benefits	**10,489**	10,335
Other	**19,736**	24,567
	346,358	334,999

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

38. Administrative expenses (continued)

Staff related expenses is classified as below:

	2023 RO'000	2022 RO'000
Cost of sales	**195,408**	191,905
Administrative expenses	**150,950**	143,094
	346,358	334,999

39. Impairment losses - charged / (released) - net

	2023 RO'000	2022 RO'000
Net impairment of property, plant and equipment (Note 6)	**(236)**	(35,250)
Net charge / (release) of impairment relating to Oil and gas production and development assets (Note 7)	**-**	35,546
Inventory written off	**59**	(17)
Impairment of investment in associates	**-**	135
Impairment charge / (reversal) on held for sale assets	**3,295**	(284)
Allowance for expected credit loss	**2,628**	179
Allowance for credit loss on loan to joint venture	**401**	401
Write off others	**8**	-
	6,155	710

40. Net finance cost

	2023 RO'000	2022 RO'000
Finance income		
Interest income	**107,033**	45,624
Finance cost		
Interest expense on borrowings	**261,982**	246,331
Unwinding of discount on provisions	**7,203**	7,870
Unwinding of commitment to MEM	**(7,661)**	(6,401)
Interest on lease liabilities	**13,509**	7,899
Other finance charges	**6,325**	1,926
	281,358	257,625
Foreign exchange losses – net		
Realised exchange (loss) / gain	**(807)**	1,215
Unrealised exchange gain / (loss)	**6,487**	(6,015)
	5,680	(4,800)
Net finance cost	**168,645**	216,801

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

41. Income tax expense

Taxation in respect of the Group's taxable entities represents the aggregate of the Omani and foreign income taxes applicable to the Parent Company and subsidiary companies in accordance with the relevant fiscal regulations. The tax rate applicable to the Group companies operating in the Sultanate of Oman is 15% (2022: 15%). The tax authorities in the Sultanate of Oman follow the legal entity concept. There is no concept of group taxation in Oman. Accordingly, each legal entity is taxable separately.

For the purpose of determining the taxable result for the year, the accounting results of the individual Group entities have been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

Management believes that additional taxes, if any, assessed in respect of the open tax years of the Parent Company and its subsidiaries would not be material to the Group's financial position at 31 December 2023 or to its results for the year then ended.

	2023	2022
	RO'000	RO'000
Current liabilities		
Current year	**125,865**	27,973
Prior year	**4,601**	8,307
	130,467	36,280
Profit or loss		
Current tax expense		
Current year	**119,523**	23,070
Changes in estimates related to prior years	**199**	(3,579)
	119,721	19,491
Deferred expense / (income)		
Origination and reversal of temporary differences	**33,922**	(115,003)
Recognition of previously unrecognized temporary differences	**(15,605)**	80,322
	18,317	(34,681)
Tax (income) / expense for the year	**138,038**	(15,190)
Movement in net deferred tax (liability) / asset		
At 1 January	**(151,290)**	(169,339)
Movement during the year (statement of profit or loss)	**(18,956)**	35,161
Movement during the year (statement of other comprehensive income)	**13,349**	(12,281)
Movement during the year (acquired through business combination)	**-**	(4,831)
	(156,896)	(151,290)

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

41. Income tax expense (continued)

The deferred tax (liabilities) / assets are attributable to the following:

	At 1 January 2023 RO'000	**Movement RO'000**	**At 31 December 2023 RO'000**
Investment in associates	**2,840**	**(2,840)**	**-**
Provisions	**20,221**	**4,507**	**24,728**
Un-realised exchange differences on loans to related parties	**672**	**-**	**672**
Tax losses of subsidiaries	**69,884**	**54,763**	**124,647**
Property, plant and equipment	**(230,390)**	**(71,103)**	**(301,493)**
Lease liability	**17,613**	**(902)**	**16,711**
Right of use asset	**(17,012)**	**1,973**	**(15,039)**
Derivatives	**(17,527)**	**9,978**	**(7,548)**
Other	**2,408**	**(1,982)**	**426**
	(151,290)	**(5,606)**	**(156,896)**

	At 1 January 2022 RO'000	Movement RO'000	At 31 December 2022 RO'000
Investment in associates	3,422	(582)	2,840
Provisions	18,895	1,326	20,221
Un-realised exchange differences on loans to related parties	1,379	(707)	672
Tax losses of subsidiaries	18,396	51,488	69,884
Property, plant and equipment	(214,649)	(15,741)	(230,390)
Lease liability	14,391	3,222	17,613
Right of use asset	(14,109)	(2,903)	(17,012)
Others	2,936	(528)	2,408
Derivatives	-	(17,527)	(17,527)
	(169,339)	18,049	(151,290)

41. Income tax expense (continued)

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

	2023 RO'000	2022 RO'000
Deferred tax assets	**17,514**	19,404
Deferred tax liabilities	**(174,410)**	(170,694)
	(156,896)	(151,290)

	2023 RO'000	2022 RO'000
Profit before tax	**1,116,435**	1,470,996
Income tax on Parent and subsidiaries in Oman at 15%	**167,465**	220,649
Effect of tax in foreign jurisdictions	**(23,138)**	(12,436)
Overseas withholding tax credit not available due to excess rates	**-**	434
Tax exempt revenue	**(27,074)**	(126,078)
Under provision in earlier years	**(1,977)**	(1,960)
Un-recognised deferred tax asset	**14,729**	(10,304)
Previously un-recognized deferred tax asset	**(8,846)**	(92,857)
Non deductible expenses / other differences	**16,878**	7,362
Tax (income) / expense for the year	**138,039**	(15,190)

Parent Company

The tax authorities have recently completed assessment for tax years 2018 to 2020 in which certain adjustments, and the Company has accepted the adjustments made to the taxable income. Since the Company was in taxable loss position during tax year 2018 and 2020 no additional tax liabilities were charged. The Company's Tax assessment for the year 2021 is pending and has not yet been finalized. The management is of the opinion that any additional taxes assessed for the open tax years, if any, would not be material to the Company's financial position as at 31 December 2023.

Subsidiaries

The tax assessments of subsidiaries are at different stages of completion. Management does not expect any additional tax liabilities to be incurred relating to the open tax years.

For the Netherlands' subsidiaries, the deferred taxes as of the reporting date were calculated with a tax rate of 25.8% (2022: 25.8%).

Domestic tax rate for subsidiaries registered in United Arab Emirates is Nil.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

41. Income tax expense (continued)

Tax rate on Mukhaizna and Block 9 concession

Revenue from certain Exploration Production Sharing Agreements (EPSAs) are taxed at the rate specified in the relevant EPSA and paid to the Government through their share of profit oil, hence excluded from the Group's income tax expenses. The tax rate on profit oil and gas from Block 53, Block 9 and Block 61 is 55% (2022: is 55%).

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.

Additionally, Pillar Two legislation is effective in some of those jurisdictions in FY 2024. Based on the information available as of 31 December 2023, OQ may have a top-up tax exposure in FY 2024 in certain jurisdictions based on the implementation of the GloBE Rules in those jurisdictions. OQ will continue to monitor the Pillar Two legislations in all relevant jurisdictions and accrue any potential top-up tax when the legislation is effective in those jurisdictions in accordance with the IAS 12 Amendments and taking into consideration the transitional CbC safe harbour relief.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

42. Earnings per share

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

	2023	2022
Profit attributable to shareholders (RO'000)	**956,209**	1,482,343
Weighted average number of shares for basic and diluted EPS	**3,556,640,784**	3,556,640,784
Basic and diluted earnings per share (Baisa)	**269**	417

43. Contingencies and commitments

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

	2023 RO'000	2022 RO'000
Letter of credit	**73,047**	118,566
Performance guarantees and bonds	**148,280**	1,241,191
	221,327	1,359,757
Capital and expenditure commitments	**822,431**	674,927

As at 31 December 2023, the Company had commitments pertaining to the capital projects under construction of RO 42.2 million (2022: RO 67.0 million).

Following are the contingent liabilities specific to each Group entity:

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

43. Contingencies and commitments (continued)

i. Parent Company

In September 2007, the Company executed and delivered a payment guarantee on behalf of OQ Trading Limited (OQT) in favor of the Government of the Sultanate of Oman (the Government), pursuant to which the Company guarantees on a several basis 51% of any amounts due and payable by OQT to the Government pursuant to a crude supply contract entered into from time to time by OQT with the Ministry of Oil and Gas.

During the year, the company, being the representative of the VAT Group, has provided a bank guarantee of RO 10 million in favor of Oman Tax Authority for the deferment of payment of value-added tax on the import of goods into Oman. The guarantee expires on September 30, 2024.

The Company has provided support letters for the entities listed below, which state that the Company will continue providing financial support to these companies for at least the next twelve months to enable them to meet their liabilities as and when they fall due:

- OQ Refineries and Petroleum Industries LLC
- OQ Refineries LLC
- OQ Plastics LLC
- OQ Aromatics LLC
- OQ Marketing LLC
- OQ Marketing – India
- OQ Marketing – Singapore
- Takamul Investments Company LLC
- Sohar Paper Cores LLC
- Sohar Sulphur Company LLC
- Oman Aluminum Rolling Company LLC
- Oman Purified Isophthalic Acid Company LLC
- Oman Oil Facilities Development Company LLC
- Central Utilities Co. LLC
- Duqm Power Company LLC
- Oman Tank Terminal Company LLC
- OQ Alternative Energy Company LLC
- Hyport Coordination Company LLC
- Naseem Bahr Al Arab International LLC
- Oman Energy Development Company LLC

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

43. Contingencies and commitments (continued)

ii. OQT

Lease commitments

The Group has entered into leases relating to short-term and long-term lease contracts for the charter of vessels, short-term storage to support its commodity operations and leases for the rental of office space. A maturity analysis of the contractual undiscounted cash flows arising from the Group's lease commitments is presented in Right of use assets.

iii. OARC

Contingencies

a) The Company was facing antidumping ("AD") duty proceedings on common alloy aluminum sheet ("CAAS") and aluminum foil and also facing countervailing duty ("CVD") for aluminum foil from Oman being administered by the U.S. Department of Commerce ("DOC").

DOC published the AD order on CAAS from Oman in the Federal Register on April 21, 2022. That order imposed an AD duty cash deposit rate of 5.29% on U.S. imports of CAAS produced by the Company and exported from Oman to the United States. That rate remains in place as on December 31, 2023 and will not change until such a time in the future that DOC re-determines the Company's AD rate through an administration review.

The AD order on aluminum foil, published in the Federal Register on November 12, 2022, set an AD duty cash deposit rate for OARC of 3.89%. Based on a request filed by U.S. producers of aluminum foil on November 30, 2023, DOC has initiated an administrative review of the AD order on aluminum foil from Oman. As on December 31, 2023, it is unknown if the U.S. producers will maintain or withdraw their request for administrative review of OARC. If they maintain it, DOC will proceed with an administrative review of OARC, and will determine a new AD rate.

As concerned to CVD proceeding, an order on aluminum foil published in the Federal Register on November 12, 2022, having set CVD duty cash deposit rate of 1.93% and the Company is subject to an administrative review of its deposit rate. On December 29, 2023 the U.S. Department of Commerce initiated an administrative review of the CVD order on aluminum foil from Oman. The initiation commences what is typically an 18-month long proceeding, though it can be as short as 12 months. In this case, the review will establish a duty assessment rate on imports of aluminum foil made during calendar year 2022. As previously noted, such duties are the responsibility of the U.S. importer. OARC is presently engaged in that review, is responding to requests for information from the U.S. Department of Commerce and is vigorously defending the case. A final determination in the review is not anticipated until June 2025.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

43. Contingencies and commitments (continued)

b) In September of 2022, the Company and one of its US customers entered into an agreement which covered product delivered from January 1, 2023, to December 31, 2023, whereby the Company would furnish mill finished aluminum coil to the Customer in exchange for agreed upon prices as per agreement. After executing the Agreement, the Customer submitted several purchase orders requesting product from the Company. The Company fulfilled those orders in accordance with the agreement and raised invoices to the Customer for each delivery. The customer failed to make payment on some of the invoices.

Due to nonpayment by the customer, the Company sent a letter demanding payment and on refusing payment by the Customer for past due invoices having balance of US$ 1.7 Million, the Company informed to the customer to hold on all future deliveries until clearance of the outstanding balance.

Based on the nonpayment, the company filed a demand for arbitration on April 27, 2023, for breach of contract. The customer filed its counterclaim on June 29, 2023, for breach of contract, breach of the implied duty of good faith and fair dealing, tortious interference with the customer's business relationships, and set-off.

On November 14, 2023, the Company and the Customer entered into a settlement agreement definitively concluding this arbitration resulting RO 1.35 million (US$ 3.5 million) to be paid to the Customer and recognized in the financial statements.

Commitments

a). The Company has issued a letter of credit in favor of a supplier of liquid metal for OMR 19.3 million (US$ 50.0million) [2022: OMR 19.3 million (US$ 50.0million)] as a guarantee for unrestricted supply of liquid aluminum metal.

b). During the year, the Company has paid RO 0.5 million (US$ 1.3 million) [2022: RO 1.7 million (US$ 4.4 million)] additional surety bond deposits with Customs Border Protection (CBP) department in United States of America (USA). As on December 31, 2023, the Company has RO 4.0 million (US$ 10.4 million) [2022: RO 3.5 million (US$ 9.1 million)] deposits with CBP. Surety bond deposits are compulsory for smooth clearance of CBP duties and taxes on import of metal in USA.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

43. Contingencies and commitments (continued)

iv. OOMCO

Contingencies On December 31, 2023, the Group and the Company had contingent liabilities in respect of guarantees and other matters arising in the ordinary course of business, from which it is anticipated that no material liabilities will arise, amounting to RO 8.80 million (2022: RO 16.26 million). Further, the company has provided a corporate guarantee to its subsidiary of RO 5 million (2022: RO 5 million). The group is subject to litigation in the normal course of business. Based on independent legal advice, the group does not believe that the outcome of these court cases will have a material impact on the group's income or financial position.

v. OQ GN

The company is defending certain actions brought by a contractor in relation to work carried out by them for the company. The company is also defending the action brought by MEM to indemnify MEM for penalties it incurred due to delays in project delivery. Although liability is not admitted, if the defense against the action is unsuccessful, then the company may be liable for an amount of RO 19.7 million (as of December 31, 2022: RO 28.9 million). Based on legal advice, the company's management believes that the defense against the action will be successful.

vi. OQ RPI

Nitrogen supply agreements

OQ RPI had two agreements with ALSIG to supply nitrogen to its plants. During the year 2020, the agreements have been unified under one agreement to all its plants, including Aromatics, PP, Refinery and SRIP. Under the agreement, OQ RPI undertakes to purchase from ALSIG all its nitrogen requirements, from the first cubic meter of nitrogen required by all its plants up to the NCQs set forth in the agreement. The maximum quantity to be purchased is 9,720 normal metric cubes per hour.

vii. Majis

Legal case

There is an on-going legal case filed by the company against Rashed Mahran Al Blooshi and Richard Menezes (the defendants and owners of UTICO) to compensate the company for RO 55 million as the defendants have not purchased the entire shares of UTICO (JV) within 7 days of the deadline as specified in the offer letter. Legal proceedings are being rendered to the Sohar Appeal Court by the Supreme Court, and the next hearing is on March 10, 2024.

On October 26, 2023, Richard Menezes filed a case against the company and Rashed Mahran Al Blooshi (the defendants), alleging that Majis colluded to exclude him from the General Assembly meeting of UTICO, which was held on February 24, 2022, with the purpose of changing the Board of Directors.

Management has not made any provision in the financial statements, as the legal advisor has mentioned that it is too soon to predict the probable outcome of the case.

44. Financial risk management and fair value hierarchy

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

- Credit risk
- Liquidity risk
- Market risk

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

Management has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has entrusted the Management with the responsibility of development and monitoring the Group's risk management policies and procedures and its compliance with them.

The Group Internal Audit oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

Credit risk

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

As at 31 December 2023, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated below:

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

44. Financial risk management and fair value hierarchy (continued)

Breakdown of financial assets	Classification	2023 RO'000	2022 RO'000
Due from related parties	Amortised cost	**329,238**	159,508
Trade and other receivables	Amortised cost	**1,448,706**	1,630,530
Concession receivables	Amortised cost	**801,751**	815,071
Lease receivables	Amortised cost	**229,781**	240,623
Contract assets	Amortised cost	**241,191**	184,092
Cash and cash equivalents	Amortised cost	**1,654,789**	985,359
Term deposits	Amortised cost	**720,343**	593,632
Investments - at fair value through profit / loss	FVTPL	**165**	165
Derivatives	FVOCI	**99,815**	167,413
Other non-current assets	Amortised cost	**12,802**	7,105
		5,538,581	4,783,498

Contract assets and concession receivables are all arising from transactions within the Sultanate of Oman.

	2023 RO'000	2022 RO'000
Details of trade receivables by geographic region		
Sultanate of Oman	**151,198**	378,136
Other GCC	**736,659**	499,091
Other Asian countries	**116,053**	81,911
Europe and US	**194,395**	145,823
	1,198,305	1,104,961
Details of trade receivables by type of customer		
Retail customers	**8,481**	5,415
Wholesale customers	**1,189,824**	1,099,546
	1,198,305	1,104,961

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

44. Financial risk management and fair value hierarchy (continued)

Credit risk (continued)

The ageing trade receivables at the reporting date was:

	2023					2022				
	Weighted average loss rate %	**Receivables RO'000**	**Impairment RO'000**	**Net carrying amount RO'000**	**Credit impaired**	Weighted average loss rate %	Receivables RO'000	Impairment RO'000	Net carrying amount RO'000	Credit impaired
Not Past due	**0.69%**	**1,127,260**	**7,743**	**1,119,517**	No	0.70%	958,434	6,827	951,607	No
Past due 1-90 days	**0.83%**	**48,137**	**398**	**47,739**	No	0.21%	69,845	148	69,697	No
Past due 91-360 days	**2.89%**	**11,477**	**331**	**11,146**	No	2.19%	71,060	1,557	69,503	No
More than one year	**100%**	**11,431**	**11,431**	**-**	Yes	100%	5,622	5,622	-	Yes
		1,198,305	**19,903**	**1,178,402**			1,104,961	14,154	1,090,807	

Movement in allowance for expected credit loss is as follows:

	2023 RO'000	2022 RO'000
At 1 January	**14,154**	13,533
(Reversal) /provided during the year	**5,749**	621
At 31 December	**19,903**	14,154

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Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

44. Financial risk management and fair value hierarchy (continued)

Credit risk (continued)

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of trade receivable from the date the credit was initially granted up to the end of the reporting period.

The Group limits its credit risk with regard to bank deposits by only dealing with reputable banks. Credit risk is limited to the carrying values of financial assets in the consolidated statement of financial position. As at 31 December 2023, no impairment allowance is recognised on bank balances as it is not material (2022: Nil).

As at 31 December 2023 the status of past due balances of financial assets are as follows:

31 December 2023	**Carrying amount RO'000**	**Not due RO'000**	**Upto 90 days RO'000**	**Upto 360 days RO'000**	**Over 365 days RO'000**	**Total RO'000**
Gross carrying amount:						
Due from related parties	**329,238**	**297,992**	**15,906**	**2,269**	**13,071**	**329,238**
Trade and other receivables	**1,448,706**	**1,295,041**	**71,957**	**73,302**	**8,406**	**1,448,706**
Concession receivables	**801,751**	**801,751**	**-**	**-**	**-**	**801,751**
Lease receivables	**229,781**	**229,781**	**-**	**-**	**-**	**229,781**
Contract assets	**241,191**	**241,191**	**-**	**-**	**-**	**241,191**
Cash and cash equivalents	**1,654,789**	**1,654,789**	**-**	**-**	**-**	**1,654,789**
Term deposits	**720,343**	**720,343**	**-**	**-**	**-**	**720,343**
Investments	**165**	**165**	**-**	**-**	**-**	**165**
Derivatives	**99,815**	**99,815**	**-**	**-**	**-**	**99,815**
Other non-current assets	**12,802**	**12,802**	**-**	**-**	**-**	**12,802**
	5,538,581	**5,353,670**	**87,863**	**75,571**	**21,477**	**5,538,581**
31 December 2022						
Gross carrying amount:						
Due from related parties	159,508	140,398	10,290	1,470	7,350	159,508
Trade and other receivables	1,630,530	1,484,003	69,845	71,060	5,622	1,630,530
Concession receivables	815,071	815,071	-	-	-	815,071
Lease receivables	240,623	240,623	-	-	-	240,623
Contract assets	184,092	184,092	-	-	-	184,092
Cash and cash equivalents	985,359	985,359	-	-	-	985,359
Term deposits	593,632	593,632	-	-	-	593,632
Investments	165	165	-	-	-	165
Derivatives	167,413	167,413	-	-	-	167,413
Other non-current assets	7,105	7,105	-	-	-	7,105
	4,783,498	4,617,861	80,135	72,530	12,972	4,783,498

The Group has applied the general approach in IFRS 9 to measure the loss allowance at 12 months ECL on it's financial assets except for trade receivable which simplified approach is followed. the expected credit losses on these items by using a PD rating approach model where internal ratings is developed which are mapped to determination of probability of default, based on the external credit rating agencies such as Moody's. Where the external rating of a financial instrument is not available, the Group reviews the ability of the counterparty by reviewing their financial statements

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

44. Financial risk management and fair value hierarchy (continued)

Credit risk (continued)

and other publicly available information and consider a proxy rating benchmarking sovereign external rating of the country where customers reside. The expected credit losses as at 31 December 2023 and 2022 is not accounted as the amount is not significant except for trade receivables.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group limits its liquidity risk by ensuring bank facilities and shareholders' advances are available, where required. Liquidity requirements are monitored on a regular basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

All financial liabilities are carried at amortised cost except for certain derivative financial liability, which are carried at fair value through other comprehensive income and derivatives held for trading accounted through profit or loss. Details of maturities of financial liabilities and excluding the impact of netting agreements, are as follows:

		Contractual cash flows				
31 December 2023	**Carrying amount RO'000**	**Total RO'000**	**6 months or less RO'000**	**6 to 12 months RO'000**	**1 to 5 years RO'000**	**More than 5 years RO'000**
Loans and borrowings	**3,596,263**	**4,353,846**	**299,807**	**830,901**	**1,942,974**	**1,280,164**
Lease liabilities	**221,030**	**338,789**	**1,185**	**51,798**	**74,007**	**211,799**
Other liabilities	**19,669**	**19,669**	**-**	-	**19,669**	-
Due to related parties	**951,619**	**951,619**	**942,377**	-	**9,242**	-
Trade and other payables	**1,082,249**	**1,082,248**	**1,082,249**	-	-	-
Commodity contracts	**14,980**	**3,315,694**	**2,675,015**	**640,679**	-	-
Interest rate hedges	**106**	**106**	**106**	**-**	-	-
	5,885,916	**10,061,971**	**5,000,739**	**1,523,378**	**2,045,892**	**1,491,963**
31 December 2022						
Loans and borrowings	4,096,374	5,066,890	445,178	516,066	2,811,139	1,294,507
Lease liabilities	196,998	282,581	10,944	18,839	86,679	166,119
Other liabilities	15,254	15,254	-	-	15,254	-
Due to related parties	842,407	842,407	833,165	-	9,242	-
Trade and other payables	1,360,891	1,360,891	1,360,891	-	-	-
Commodity contracts	32,493	3,123,851	1,626,417	1,497,434	-	-
Interest rate hedges	105	105	105	-	-	-
	6,544,522	10,680,480	4,265,201	2,032,339	2,922,314	1,460,626

44. Financial risk management and fair value hierarchy (continued)

Market risk

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

Interest rate benchmark reform

Non-derivative financial assets

The Group does not have any non-derivative financial assets exposed to interbank offered rates (IBORs) as at 31 December 2022 or 31 December 2023.

Non-derivative financial liabilities

During the year 2023, the Group has completed its transition to alternative benchmark rates for majority of the borrowing contracts and agreements referencing to USD LIBOR. In addition, for borrowing of one of its subsidiaries amounting to OMR 1,122.20 Mn at 31 December 2023, Synthetic USD LIBOR has been used under the fallback arrangements provided in the underlying financing agreements, which will be transitioned to reflect the agreed benchmark rates.

Managing interest rate reform and associated risks

Derivatives

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 counterparts adhere to the protocol. The protocol's pricing mechanism is at fair market value. The Group has adhered to and signed up to the protocol during the year ended 31 December 2023.

Commodity price risk

The Group's revenues and cash flows are sensitive to the underlying price of a number of commodities, including crude oil, refined oil products, petrochemicals, LNG and dry bulk (and related spreads) which are dependent on a number of factors and on global supply and demand. The Group is exposed to a relatively low level of commodity price risk because the timing and volumes of purchase and sale contracts are matched wherever possible. Risks relating to open physical positions are managed through commodity futures and cleared swaps wherever such contracts are available.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

44. Financial risk management and fair value hierarchy (continued)

Market risk (continued)

Managing interest rate reform and associated risks (continued)

At the reporting date, the Group has open commodity futures and swap contracts to manage its exposure to expected fluctuations in the prices of crude oil and other oil products. The Group has provided deposits as margin requirements for these contracts.

The Group uses Value-at-Risk ("VaR") to measure, monitor and review its exposure to short-term market risk. VaR is an estimate of the potential loss on a given position or portfolio of positions over a specific holding period, based on normal market conditions and within a given statistical confidence interval.

The Board of Directors of respective companies have/has approved VaR limits through trading mandates granted and regularly reviews the limits and monitors performance against these limits. It is recognised that VaR cannot be relied upon solely to predict the size of potential losses and additional techniques are employed to monitor market risk.

Based upon VaR, taking into account approved limits and other risk management techniques, the Group's senior management will determine the need to adjust the Group's market risk profile. The 95% trading VaR during the year was:

Group	**2023**		2022	
	Average RO'000	**Year End RO'000**	Average RO'000	Year End RO'000
Trading VaR	**1,379**	**743**	1,435	763

These VaR values are within the limits approved by the Board of Directors of underlying subsidiaries.

i. Equity price risk

The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group has maintained the portfolio of investments. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

ii. Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

44. Financial risk management and fair value hierarchy (continued)

Market risk (continued)

ii. Currency risk (continued)

The Group financial instruments are consisting of various currencies and the exposure to various currencies based on notional amounts is as detailed below:

	31 December 2023		31 December 2022	
	Euro	RO	Euro	RO
	'000	**'000**	'000	'000
Investments at fair value through profit and loss	**51**	**21**	**51**	**21**
Cash and bank	**25,831**	**10,757**	**155,082**	**64,583**
Trade and other receivables	**58,293**	**24,276**	**44,010**	**18,328**
Other payables	**(184,145)**	**(76,686)**	**(299,336)**	**(124,656)**
Gross / net exposure	**(99,970)**	**(41,632)**	**(100,193)**	**(41,725)**

	31 December 2023		31 December 2022	
	Average rate	**Spot rate**	Average rate	Spot rate
Foreign currency				
Euro	**0.4164**	**0.4244**	0.4216	0.4084

As the Rial Omani is pegged to US Dollars, management perceive the related currency risk to be minimal.

A 10% strengthening of the RO against the following currencies at 31 December would have impacted equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Profit and loss account (Euro)		Profit and loss account (Euro)	
2023		2022	
Strengthening	Weakening	Strengthening	Weakening
RO'000	RO'000	RO'000	RO'000
(778)	778	(743)	743
(778)	778	(743)	743

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

44. Financial risk management and fair value hierarchy (continued)

Market risk (continued)
iii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group adopts a policy of ensuring that between 50% and 70% of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. The Group's hedging relationships have been directly affected by the interest rate benchmark reform. Prior to 2023, the Group's interest rate swaps were primarily exposed to USD LIBOR. During the year 2023, all the swaps that previously referenced USD LIBOR transitioned to referencing Secured Overnight Financing Rate (SOFR) through adhering to the ISDA 2020 IBOR Fallbacks Protocol as published by the ISDA on 23 October 2020. The transition was enacted on an "economically equivalent" basis. No other changes were made to the terms of the swap contracts upon transition to SOFR. The hedge relationships were not discontinued and SOFR is now evaluated as the hedged interest rate benchmark risk. The interest rate benchmark reform did not change the risk management strategy of the Group.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:
— the effect of the counterparty's and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
— differences in repricing dates between the swaps and the borrowings.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group has not designated any derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 1% in interest rates at the reporting date would have increased / (decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

44. Financial risk management and fair value hierarchy (continued)

Market risk (continued)
iii. Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

	Profit and loss	
	100bps increase RO'000	**100 bps decrease RO'000**
2023		
Interest bearing liabilities	3,561	(3,561)
Interest rate swaps	1,871	(1,871)
	5,432	**(5,432)**
2022		
Interest bearing liabilities	2,985	(2,985)
Interest rate swaps	2,338	(2,338)
	5,323	**(5,323)**

The Group may face increased borrowing costs on some of its Group borrowings, should lenders invoke their rights under standard market disruption clauses (where applicable), if the cost to lenders of obtaining matching deposits exceeds LIBOR for the relevant currency and interest period.

At the reporting date the interest rate profile of the Group's variable interest-bearing financial instrument was:

	Nominal amount	
	2023 RO'000	2022 RO'000
Variable rate instruments		
Financial assets	**-**	-
Financial liabilities		
-Variable financial liabilities	**3,312,053**	3,809,961
-Effect of interest rates swap	**(1,651,952)**	(2,092,198)
	1,660,101	1,717,763

Financial instruments comprise financial assets, financial liabilities and derivatives. Financial assets consist of cash and bank balances, investments, lease receivables, due from related parties and trade and other receivables. Financial liabilities consist of payables, loans and borrowings and accrued expenses. Derivatives consist of interest rate swaps contracts.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

44. Financial risk management and fair value hierarchy (continued)

Market risk (continued)
iii. Interest rate risk (continued)

The details of the terms and loans of the Group are as follows:

Type	Currency	Nominal interest rate %	Year of maturity	2023 Fair value RO'000	2023 Carrying amount RO'000	2022 Fair value RO'000	2022 Carrying amount RO'000
Secured bank loan	USD	SOFR + margin	2029	**182,499**	**180,427**	209,102	206,363
Secured bank loan	USD/ OMR	SOFR + margin/ Fixed rate	2024-2030	**100,760**	**100,760**	95,420	95,420
Short term loan	OMR	Fixed rate	2024	**240**	**240**	1,334	1,334
Working capital facility	OMR	Fixed rate	2024	**77**	**77**	175	175
Secured bank loan	USD/ OMR	Commercial Rate	2025-2029	**88,355**	**88,355**	95,794	95,794
Secured bank loan	USD	SOFR + margin	2024	**88,869**	**88,770**	207,362	206,664
OQ Chemicals - First Lien B-1	Euro	Euribor + margin	2024	**201,614**	**201,614**	193,676	193,676
OQ Chemicals - First Lien B-2	USD	SOFR + margin	2024	**167,091**	**167,091**	168,118	168,118
Secured bank loan	USD	SOFR + margin	2030	**127,102**	**126,251**	124,002	123,025
Secured borrowing facility	USD	Commercial Rate	2024	**189,867**	**189,867**	117,473	117,473
Unsecured bank loan	OMR	Libor + margin	2027	**-**	**-**	252,903	250,795
Unsecured bank loan	USD/ OMR	SOFR/WAFD + margin	2030-2033	**330,424**	**330,092**	-	-
Unsecured bank loan	USD	SOFR + margin	2025	**-**	**-**	104,555	102,164
Unsecured bank loan	OMR	WAFD + margin	2025	**-**	**-**	9,625	9,625
Unsecured Islamic facility loan	USD	SOFR + margin	2025	**-**	**-**	25,032	25,032
Unsecured Islamic facility loan	OMR	WAFD + margin	2025	**24,502**	**22,745**	35,000	35,000
Secured bank loan	USD	Libor + margin	2023	**-**	**-**	57,765	53,996
Senior Un-secured notes	USD	Fixed rate	2028	**288,825**	**286,863**	288,825	286,414
Secured bank loan	OMR	Commercial Rate	2025	**20,000**	**20,000**	10,000	10,000
Unsecured bank loan	OMR	SOFR + margin	2027	**462,120**	**457,532**	666,971	660,972
Secured bank loan	USD	SOFR + margin	2029	**45,249**	**44,819**	52,791	52,316
Secured bank loan	USD	SOFR + margin	2030-2031	**1,122,228**	**1,066,987**	1,215,946	1,156,784
Secured syndicated loan facilities	USD	SOFR + margin	2032	**195,064**	**192,027**	210,719	207,340
Secured bank loan	USD/ OMR	SOFR/WAFD + margin	2024-2030	**31,848**	**31,746**	37,894	37,894
				3,666,734	**3,596,263**	4,180,482	4,096,374

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

44. Financial risk management and fair value hierarchy (continued)

Market risk (continued)
iii. Interest rate risk (continued)

The fair values of the all financial instruments carried at amortised cost are not materially different from their carrying values.

Fair value hierarchy

The different levels of fair value hierarchy 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).

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

	31 December 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 (Note 16b)	**-**	**-**	**165**	-	-	165
Inventories (Note 19)	**-**	**183,630**	**-**	-	198,079	-
Derivatives held for trading - net (Note 21)	**-**	**925**	**-**	-	(13,922)	-
Cash flow and currency swaps - net (Note 21)	**-**	**83,804**	**-**	-	148,737	-
	-	**268,359**	**165**	-	332,894	165

Movement in level 3 fair value is as follows:

	2023	2022
	RO'000	RO'000
Balance as at 1 January	**165**	48,309
Reclassification during the year (16a)	**-**	(48,137)
Fair value changes	**-**	(7)
Balance at 31 December	**165**	165

44. Financial risk management and fair value hierarchy (continued)

Fair value hierarchy (continued)

Investments at fair value through profit or loss amounting to RO 0.153 million (2022: RO 0.153 million) are carried at fair value which approximates their cost. During the year ended 31 December 2021, there were no transfers between the levels for fair value measurement of the financial instruments held by the Group (2022: None). The assumptions used in the calculation of fair value are disclosed in Note 16b.

Capital management

The Board seeks to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Board monitors the Group's liquidity and financial position on a regular basis. The Group periodically reviews its long term financial commitments. There were no changes in the Group's capital management policy during the year. The Group also uses gearing ratio to monitor its capital, which is calculated as debt divided by total capital. The Group includes within debt, interest bearing loans and borrowings. Capital includes equity attributable to the equity holders including retained earnings, revaluation and other reserves.

	2023	2022
	RO'000	RO'000
Interest bearing borrowings	**3,596,263**	4,096,374
Share capital	**3,556,447**	3,556,447
Share capital pending registration	**194**	194
Retained earnings	**1,910,042**	1,267,954
Statutory reserve	**508,450**	282,628
Other reserves	**(14,743)**	108,264
Total capital	**5,960,390**	5,215,487
Ratio of debt to equity (ratio)	**0.60**	0.79

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

45. Reconciliation of liabilities arising from financing activities

The below table details change in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	At 1 Jan 2023 RO'000	Financing cash inflows RO'000	Financing cash outflows RO'000	Acquisition of subsidiary RO'000	Non-cash transactions RO'000	As at 31 December 2023 RO'000
Loans and borrowings*	**4,096,374**	**588,710**	**(1,366,202)**	**-**	**277,380**	**3,596,262**
Lease Liabilities	**196,998**	**-**	**(35,052)**	**-**	**59,084**	**221,030**

	At 1 Jan 2022 RO'000	Financing cash inflows RO'000	Financing cash outflows RO'000	Acquisition of subsidiary RO'000	Non-cash transactions RO'000	As at 31 December 2022 RO'000
Loans and borrowings*	5,259,621	225,174	(1,665,789)	37,893	239,475	4,096,374
Lease Liabilities	182,331	-	(35,142)	-	49,809	196,998

* Includes interest payable and cashflows relating to the same.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

46. Non-controlling interests

The following table summarizes the information relating to Group Subsidiary that has significant material NCI, before any inter-group eliminations.

Summarised statement of financial position

	Abraj		OQGN		OOMCO	
	2023	2022	**2023**	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000	**RO'000**	RO'000
NCI Percentage	**49%**	0%	**49%**	0%	**51%**	51%
Current						
Assets	74,267	-	71,026	-	131,751	131,326
Liabilities	(47,349)	-	(71,597)	-	(88,248)	(111,312)
Total current net assets	**26,918**	-	**(571)**	-	**43,503**	20,014
Non-current						
Assets	202,204	-	1,030,658	-	103,324	95,566
Liabilities	(83,344)	-	(383,107)	-	(63,779)	(33,086)
Total non-current net assets	**118,860**	-	**647,551**	-	**39,545**	62,480
Net assets	**145,778**	-	**646,980**	-	**83,048**	82,494
Attributable to NCI	**71,431**	-	**317,020**	-	**42,354**	42,072

Summarized statement of profit or loss and other comprehensive income

	Abraj		OQGN		OOMCO	
	2023	2022	**2023**	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000	**RO'000**	RO'000
	49%	0%	**49%**	0%	**51%**	51%
Revenue	**144,346**	-	**161,643**	-	**819,267**	801,681
Profit before income tax	19,496		62,441	-	5,922	8,403
Income tax expense	**(2,935)**	-	**(6,930)**	-	**(1,794)**	(1,499)
Total comprehensive income for the year	**16,561**	-	**55,511**	-	**4,128**	6,904
Total comprehensive income allocated to non-controlling interests	**8,115**	-	**3,213**	-	**2,105**	3,521
Dividends paid to non-controlling interests	**7,548**	-	**-**	-	**1,645**	1,316

(i) Change in structure of Abraj with the value of RO 84.67 million and OQ GN with the value of RO 282.10 million (Note 2 ii)

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

46. Non-controlling interests (continued)

Summarised statement of cash flows

	Abraj		OQGN		OOMCO	
	2023	2022	**2023**	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000	**RO'000**	RO'000
	49%	0%	**49%**	0%	**51%**	51%
Cash flows from operating activities						
Operating activities	32,570	-	90,655	-	(4,893)	3,705
Investing activities	(82)	-	(53,866)	-	(1,725)	(4,001)
Financing activities	(28,537)	-	(61,796)	-	(2,835)	1,199
Net change in cash and cash equivalents	**3,951**	-	**(25,007)**	-	**(9,453)**	903
At 1 January	**4,120**	-	**67,378**	-	**13,778**	12,874
At 31 December	**8,071**	-	**23,771**	-	**4,324**	13,777

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

47. Operating segments

Basis for segmentation

The Group's organizational structure reflects various activities in which it is engaged. At 31 December 2023 and 2022, 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 alternative energy, marketing, manufacturing and corporate activities worldwide. None of these segments met the quantitative thresholds for reportable segments in 2023 or 2022.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. 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. Investments in associates and joint ventures form part of other segment (Note 11 and 12).

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

47. Operating segments (continued)

Information about reportable segments and reconciliation (continued)

2023 RO'000	Reportable segments		All other segment	Consolidation adjustment and eliminations	Total
	Upstream*	Downstream*			
Segment revenue	1,224,925	12,930,995	369,387	(828,587)	**13,696,720**
Cost of sales (excludes direct depreciation)	(330,100)	(11,806,589)	(144,582)	472,307	**(11,808,964)**
Depreciation & amortization	(365,109)	(268,036)	(55,341)	634	**(687,852)**
Share of profit (loss) of equity accounted investees	-	(34,403)	110,225	-	**75,822**
Investment income	-	-	301,449	-	**301,449**
Impairment reversal/(losses)	507	(2,302)	(4,360)	-	**(6,155)**
Net other operating income / (expenditure)	254,604	(463,706)	(435,550)	355,646	**(289,006)**
Interest income	10,274	41,644	55,043	72	**107,033**
Interest expense	(42,054)	(184,532)	(54,700)	(72)	**(281,358)**
Profit (loss) before tax	**753,047**	**213,071**	**141,571**	**-**	**1,107,689**
Taxation	(87,083)	(17,846)	(33,110)	-	**(138,039)**
Profit (loss) after tax	**665,964**	**195,225**	**108,461**	**-**	**969,650**
Segment assets	**2,788,062**	**7,336,302**	**2,676,054**	**-**	**12,800,418**
Segment liabilities	**1,453,868**	**4,903,797**	**50,303**	**-**	**6,407,968**
2022 RO'000					
Segment revenue	**1,401,975**	**14,279,999**	**394,155**	**(1,008,678)**	**15,067,451**
Cost of sales (excludes direct depreciation)	(285,211)	(12,638,494)	(216,145)	508,446	**(12,631,404)**
Depreciation & amortization	(383,515)	(257,335)	(46,795)	892	**(686,753)**
Share of profit (loss) of equity accounted investees		(18,082)	233,258	-	**215,176**
Investment income			4,764		**4,764**
Impairment reversal/(losses)	(14,311)	1,140	12,461	-	**(710)**
Net other operating income / (expenditure)	(27,350)	(683,318)	(76,231)	500,232	**(286,666)**
Interest income	8,375	19,099	17,595	555	**45,624**
Interest expense	(27,687)	(173,529)	(55,854)	(555)	**(257,625)**
Profit (loss) before tax	**672,276**	**529,479**	**268,349**	**892**	**1,470,996**
Taxation	(9,456)	36,390	(11,744)	-	**15,190**
Profit (loss) after tax	**662,820**	**565,869**	**256,605**	**892**	**1,486,186**
Segment assets	**3,125,043**	**5,319,942**	**3,743,516**	**-**	**12,188,502**
Segment liabilities	**1,300,020**	**3,034,580**	**2,595,140**	**-**	**6,929,740**

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

47. Operating segments (continued)

Geographic information

The upstream and downstream segments are managed on a worldwide basis. The geographic information analyses the Group's revenue and non-current assets by the Group entity's country of domicile. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

	Domestic		Foreign	
	2023	2022	**2023**	2022
	RO'000	RO'000 Restated*	**RO'000**	RO'000 Restated*
Revenue	**2,499,702**	2,914,449	**11,197,019**	12,153,004
Non-current assets	**7,136,529**	7,133,737	**684,201**	731,806

The Group's sales to customers of crude oil and oil products were substantially made by the Downstream segment.

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

	2023	2022
	RO'000	RO'000
Europe	**1,137,564**	1,114,613
America	**882,926**	1,045,689
APAC (Asia-Pacific)	**6,408,501**	8,031,248
Middle east	**4,788,831**	4,396,295
Rest of the world	**478,898**	479,607
	13,696,720	15,067,452

Group has not identified major customers at a group level during year ended 31 December 2023 and 31 December 2022.

48. Reclassifications

Certain comparative figures have been reclassified wherever necessary to conform to the presentation adopted in the current year. Such reclassifications did not affect the previously reported net profit, other comprehensive income, or total equity.

49. Approval of consolidated financial statements

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 26 March 2024.