



OQ SAOC AND ITS SUBSIDIARIES

Condensed consolidated interim
financial statements

For the six months ended 30 June 2022



OQ SAOC AND ITS SUBSIDIARIES

Report and interim condensed consolidated financial statements For the six months ended 30 June 2022

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Independent Auditors' Report on Review of Condensed Interim Financial Information

To the Shareholders of OQ SAOC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of OQ SAOC ("the Company"), and its subsidiaries (together referred to as "the Group") as at 30 June 2022, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2022 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

[Date]

KPMG LLC

**Condensed consolidated statement of financial position
as at**

	Notes	30 June 2022 RO'000	31 December 2021 RO'000 Restated
ASSETS			
Non-current assets			
Property, plant and equipment	6	4,298,985	4,360,166
Oil and gas production and development assets	7	1,130,978	1,232,148
Right-of-use assets	8	159,900	171,090
Intangible assets	9	77,613	89,114
Goodwill	10	11,722	12,409
Investment in associates	11	158,657	156,160
Interest in joint ventures	12	388,857	347,043
Deferred tax assets	42	17,540	29,756
Concession receivables	13	792,240	799,126
Lease receivables	14	235,158	240,367
Contract assets	15	158,157	147,023
Derivatives	21	106,491	35,541
Due from related parties	31	83,686	78,755
Other non-current assets	18	4,367	5,228
Total non-current assets		7,624,351	7,703,926
Current assets			
Inventories	19	985,702	775,284
Trade and other receivables	20	1,710,379	1,178,166
Concession receivables	13	32,036	30,403
Lease receivables	14	10,382	9,900
Due from related parties	31	272,720	153,606
Investments at fair value through profit and loss	16	48,298	222,101
Derivatives	21	170,522	85,562
Short-term deposits	17	200,954	216,606
Cash and cash equivalents	22	1,126,091	838,043
Assets held for sale	16a	407	452
Total current assets		4,557,491	3,510,123
Total assets		12,181,842	11,214,049
EQUITY AND LIABILITIES			
EQUITY			
Share capital	23	3,428,436	3,428,436
Share capital pending registration		194	194
Statutory reserve	24	209,343	171,166
Other reserve	25	16,249	16,249
Hedge and fair value reserve	26	132,198	(23,388)
Translation reserve		16,097	29,208
Retained earnings / (accumulated losses)		669,535	(114,028)
Equity attributable to equity holders of the parent		4,472,052	3,507,837
Non-controlling interests		41,160	40,749
Total equity		4,513,212	3,548,586
Non-current liabilities			
LIABILITIES			
Loans and borrowings	27	3,727,600	4,248,612
Lease liabilities	28	147,603	155,154
Employees' end-of-service benefits	29	53,767	54,947
Provisions	30	120,098	107,508
Due to related parties	31	9,242	9,242
Deferred tax liabilities	42	192,101	199,095
Derivatives	21	2,209	24,411
Other liabilities	32	50,140	43,324
Total non-current liabilities		4,302,760	4,842,293
Current liabilities			
Trade and other payables	33	1,364,238	1,217,223
Loans and borrowings	27	962,861	1,011,009
Lease liabilities	28	26,984	27,177
Derivatives	21	66,371	56,252
Due to related parties	31	914,757	482,368
Income tax	42	30,659	29,141
Total current liabilities		3,365,870	2,823,170
Total liabilities		7,668,630	7,665,463
Total equity and liabilities		12,181,842	11,214,049

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on 23 August 2022.

Chairman

Group Chief Executive Officer

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

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

	Notes	2022 RO'000	2021 RO'000 Restated*
Revenue	34	7,734,913	3,979,170
Cost of sales	35	(6,752,610)	(3,577,304)
Gross profit		982,303	401,866
Investment income	36	2,597	63,260
Share of results of equity accounted investments	37	115,334	43,116
Other income	38	26,597	22,447
Administrative expenses	39	(162,757)	(143,512)
Impairment losses (charged) / released	40	(742)	18,212
Operating profit		963,332	405,389
Finance income	41	10,480	18,957
Finance cost	41	(114,993)	(80,288)
Foreign exchange gains losses – net	41	(9,219)	(1,225)
Profit for the period before tax		849,600	342,833
Income tax expense	42	(27,139)	(27,993)
Profit for the period		822,461	314,840
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation difference relating to subsidiaries		(498)	(23,122)
Foreign currency translation difference on disposal of held for sale assets		-	28,601
Foreign currency translation difference on investment in associates	11	(12,613)	(2,333)
Share of other comprehensive income of associates and joint ventures	26	51,204	4,596
Effective portion of changes in fair value of cash flow hedges	26	104,382	53,824
<i>Items not to be reclassified to profit or loss in subsequent periods</i>			
Transfer to defined benefit plan, actuarial gains and losses	29	1,006	-
Other comprehensive income, net		143,481	61,566
Total comprehensive income for the period		965,942	376,406
Profit for the period attributable to:			
- Equity holders of the parent		820,734	314,151
- Non-controlling interests		1,727	689
Profit for the period		822,461	314,840
Total comprehensive income attributable to:			
- Equity holders of the parent		964,215	375,717
- Non-controlling interests		1,727	689
Total comprehensive income for the period		965,942	376,406
Earnings per share			
Basic and diluted earnings per share – RO	43	0.239	0.092

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

*The comparative information is restated due to application of IAS 16 amendment. See note 47.

**Condensed consolidated statement of changes in equity
for the six months ended 30 June 2022**

	Attributable to owners of the Parent Company							Total equity RO'000		
	Share capital RO'000	Share capital pending registration RO'000	Statutory reserve RO'000	Other reserve RO'000	Hedge and fair value reserve RO'000	Translation reserve RO'000	(Accumulated losses)/ retained earnings RO'000		Total RO'000	Non- controlling interests RO'000
At 1 January 2022 (restated)	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 period	-	-	-	-	-	-	820,734	820,734	1,727	822,461
<i>Other comprehensive income</i>										
Foreign currency translation differences	-	-	-	-	-	(13,111)	-	(13,111)	-	(13,111)
Changes in fair value of cash flow hedges	-	-	-	-	104,382	-	-	104,382	-	104,382
Share of other comprehensive income associates and joint ventures	-	-	-	-	51,204	-	-	51,204	-	51,204
Defined benefit plan actuarial gains, net of tax	-	-	-	-	-	-	1,006	1,006	-	1,006
Other comprehensive income	-	-	-	-	155,586	(13,111)	1,006	143,481	-	143,481
Total comprehensive income for the period	-	-	-	-	155,586	(13,111)	821,740	964,215	1,727	965,942
<i>Transactions with owners' directly recorded in equity</i>										
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(1,316)	(1,316)
Transfer to legal reserve (note 24)	-	-	38,177	-	-	-	(38,177)	-	-	-
At 30 June 2022	3,428,436	194	209,343	16,249	132,198	16,097	669,535	4,472,052	41,160	4,513,212

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

Condensed consolidated statement of changes in equity for the six months period ended 30 June 2021

	Attributable to owners of the Parent Company									
	Share capital RO'000	Share capital pending registration RO'000	Statutory reserve RO'000	Other reserve RO'000	Hedge and fair value reserve RO'000	Translation reserve RO'000	Accumulated losses RO'000	Equity attributable to equity holders of the parent RO'000	Non-controlling interests RO'000	Total equity RO'000
At 1 January 2021	3,428,436	194	95,730	16,249	(99,378)	12,232	(788,834)	2,664,629	39,170	2,703,799
Profit for the period (restated)*	-	-	-	-	-	-	314,151	314,151	689	314,840
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	-	3,146	-	3,146	-	3,146
Changes in fair value of cash flow hedges	-	-	-	-	53,824	-	-	53,824	-	53,824
Share of other comprehensive income associates and joint ventures	-	-	-	-	4,596	-	-	4,596	-	4,596
Other comprehensive income for the period	-	-	-	-	58,420	3,146	-	61,566	-	61,566
Total comprehensive income for the period (restated*)	-	-	-	-	58,420	3,146	314,151	375,717	689	376,405
Transfer to legal reserve (note 24)	-	-	6,898	-	-	-	(6,898)	-	-	-
Restated balance at 30 June 2021	3,428,436	194	102,628	16,249	(40,958)	15,378	(481,581)	3,040,346	39,859	3,080,205

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

*The comparative information is restated due to application of IAS 16 amendment. See note 47.

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

	Notes	2022 RO'000	2021 RO'000 Restated
Cash flows from operating activities			
Profit / (loss) before tax		849,600	342,833
Adjustments for:			
(Reversal) / charge of impairment losses – net	40	742	(18,212)
Share of results of equity accounted investees	37	(115,334)	(43,116)
Loss on disposal of property, plant and equipment	6	537	117
Realised gain on sale of investments	36	-	(45,011)
Depreciation and amortization	6	364,020	269,911
Accrual for end of service benefits	39	3,805	2,068
Unwinding of discount on provisions	41	(3,935)	5,317
Finance cost	41	118,928	74,971
Finance income	41	(10,480)	(18,957)
Unrealized (gain) / loss on investment / derivatives		(55,218)	(9,043)
		<u>1,152,665</u>	<u>560,878</u>
Changes in:			
Inventories		(210,403)	(139,643)
Trade and other receivables		(531,095)	(293,308)
Concession receivables		11,163	13,919
Lease receivables		4,727	4,581
Contract assets		4,638	(875)
Trade and other payables		161,554	(72,590)
Due from related parties		(119,114)	(4,603)
Due to related parties		432,389	301,840
Cash generated from operations		<u>906,524</u>	<u>370,199</u>
Employees' end of service benefits paid		(1,686)	(16,225)
Taxes paid		(23,199)	(14,522)
Net cash from operating activities		<u>881,639</u>	<u>339,452</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(80,959)	(244,826)
Acquisition of oil and gas exploration and production assets	7	(114,099)	(140,290)
Additions in contract assets		(21,682)	(31,437)
Payment for intangible assets	9	(2,008)	(1,566)
Proceeds from disposal of property, plant and equipment	6	587	2,402
Proceeds from equity accounted investees	12	-	32,042
Proceeds from available for sale investments	16	173,792	-
Acquisition of investment in equity accounted investees	11&12	(1,165)	(5,295)
Other movements in non-current assets and liabilities		7,677	10,791
Dividend received from equity accounted investees	11&12	111,260	23,442
Net movement in term deposits		15,652	12,415
Finance income received	41	8,649	18,957
Net cash generated from / (used in) investing activities		<u>97,704</u>	<u>(323,365)</u>
Cash flows from financing activities			
Interest paid	41	(106,652)	(64,134)
Dividends paid to non-controlling interests		(1,316)	-
Proceeds from loan and borrowings	27	208,410	698,376
Repayments of loan and borrowings	27	(766,591)	(501,951)
Repayment of lease liabilities	28	(15,451)	(15,036)
Payments to related parties		(5,128)	(4,198)
Receipts from related parties		-	46,605
Net cash (used in) / generated from financing activities		<u>(686,728)</u>	<u>159,662</u>
Net change in cash and cash equivalents		<u>292,615</u>	<u>175,749</u>
Translation adjustments		(4,567)	(5,788)
Cash and cash equivalents at the beginning of the period		838,043	460,769
Cash and cash equivalents at end of the period	22	<u>1,126,091</u>	<u>630,730</u>

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

*The comparative information is restated due to application of IAS 16 amendment. See note 47.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2022

1. Legal status and principal activities

OQ SAOC (“the Parent” or “the Parent Company”) is a closed joint stock company domiciled in the Sultanate of Oman. The interim condensed consolidated financial statements as at and for the six months period ended 30 June 2022 comprise the Parent Company and its subsidiaries (together referred to as “the Group” and individually as “Group entities”) and the Group’s interest in associates and joint ventures. The Parent Company is primarily involved in the business of identifying, acquiring, managing, operating interests in petroleum and other energy related enterprises and dealing in investments. The Group is primarily engaged in exploration, production, marketing and distribution of petroleum and petroleum by-products. The Group operates in the Sultanate of Oman, United Arab Emirates, India, Pakistan, Korea, China, Spain, Netherlands, United Kingdom, Brasil, Japan, Germany, United States of America and Kazakhstan. The registered address of the Parent Company is P O Box 261, Postal Code 118, Sultanate of Oman.

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

During May 2021, the Parent Company has listed its debt securities, a global medium-term note programme on the London Stock Exchange.

2. Group entities

During the period ended 30 June 2022, there is no change in the Group structure.

3. Basis of preparation

These interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2021 (‘last annual financial statements’). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

4. Change in accounting policy

Except as described below, the accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2021. The policy for recognising and measuring income taxes in the interim period is consistent with that applied in the previous interim period and is described in Note 42.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

4. Change in accounting policy (continued)

The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2022.

In May 2020, the IASB issued an amendment to IAS 16, Property, Plant and Equipment, which prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity needs to recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The Group had adopted *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)* from 1 January 2022. This resulted in a change in accounting policy for what qualifies as cost of property, plant and equipment. Previously the Group had accounted for proceeds and cost of testing, before the asset is available for the intended use, in the cost of oil and gas and other property, plant and equipment.

The amendment was adopted retrospectively with effective from 1 January 2022 and accordingly the comparative information is restated. Summary of the impact on the Group's consolidated financial statements is disclosed in note 47.

The other amendments which apply for the first time in 2022 do not have any impact on interim condensed consolidated financial statements.

5. Critical accounting judgements and key sources of estimation uncertainty

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

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

Measurement of fair values

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

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

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

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

Measurement of fair values (continued)

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

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

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

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

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

Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)

6. Property, plant and equipment

	Freehold land	Buildings	Furniture and office equipment	Plant, equipment, and vehicles	Site restoration cost	Capital spare part	Capital work-in- progress	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
At 1 January 2021	408	387,453	55,777	4,021,924	19,711	6,775	3,009,724	7,501,772
Additions (Restated)*	-	2,440	694	36,339	-	-	394,565	434,038
Transfers (note 9)	-	178,222	1,340	2,713,692	31,276	2,574	(2,928,447)	(1,343)
Disposals	-	(398)	(236)	(20,634)	-	(239)	(502)	(22,009)
Change in site restoration provision	-	-	-	-	(7,968)	-	-	(7,968)
Translation differences	-	(5,444)	223	(28,490)	-	-	(2,242)	(35,953)
At 31 December 2021 (Restated)*	408	562,273	57,798	6,722,831	43,019	9,110	473,098	7,868,537
At 1 January 2022 (restated*)	408	562,273	57,798	6,722,831	43,019	9,110	473,098	7,868,537
Additions	-	6,977	175	14,938	-	-	60,383	82,473
Transfers (note 9)	-	2,519	56	22,414	19,451	-	(44,685)	(245)
Disposals	-	(1,756)	(2,315)	(1,399)	-	(469)	(13)	(5,952)
Translation differences	-	(5,242)	(442)	(20,911)	-	-	(1,897)	(28,492)
At 30 June 2022	408	564,771	55,272	6,737,873	62,470	8,641	486,886	7,916,321
Accumulated depreciation and impairment								
At 1 January 2021	-	134,076	42,249	1,921,118	-	5,107	1,170,597	3,273,147
Charge for the year (restated*)	-	14,428	3,992	203,341	1,735	398	-	223,894
Transfers	-	2,296	775	1,134,638	-	818	(1,138,527)	-
Impairment charge / (reversal)	-	(5,525)	(356)	49,082	-	-	-	43,201
Disposals	-	(362)	(203)	(16,735)	-	-	-	(17,300)
Translation differences	-	(1,101)	(80)	(13,390)	-	-	-	(14,571)
At 31 December 2021 (restated*)	-	143,812	46,377	3,278,054	1,735	6,323	32,070	3,508,371
At 1 January 2022 (restated*)	-	143,812	46,377	3,278,054	1,735	6,323	32,070	3,508,371
Charge for the period	-	9,627	1,916	112,401	692	122	-	124,758
Disposals	-	(691)	(997)	(3,140)	-	-	-	(4,828)
Translation differences	-	(1,113)	(311)	(9,541)	-	-	-	(10,965)
At 30 June 2022	-	151,635	46,985	3,377,774	2,427	6,445	32,070	3,617,336
Net Book Value								
30 June 2022	408	413,136	8,287	3,360,099	60,043	2,196	454,816	4,298,985
31 December 2021 (Restated)*	408	418,461	11,421	3,444,777	41,284	2,787	441,028	4,360,166

*The comparative information is restated due to application of IAS 16 amendment. See note 47.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

6. Property, plant and equipment (continued)

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

	30 June 2022 RO'000	30 June 2021 RO'000
Property, plant and equipment	124,758	93,706
Oil and gas producing assets (note 7)	215,269	150,539
Right-of-use assets (note 8)	15,099	15,258
Intangible assets (note 9)	9,435	10,826
	<u>364,561</u>	<u>270,329</u>
<i>Allocated as follows:</i>		
Cost of sales (note 35)	345,084	244,711
Administrative expenses (39)	18,936	25,200
Capitalised in the cost of capital work in progress	541	418
	<u>364,561</u>	<u>270,329</u>

(ii) As at 30 June 2022, the Group has assessed impairment indicators across the cash generating units and no indicators of impairment were identified. The assessment will be revisited for the year ending 31 December 2022.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**
7. Oil and gas production and development assets

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

	OQEP (Mukhaizna Oil field, Abu Tubul, Malarim Block 9 etc.) RO'000	Dunga oil field RO'000	Total RO'000
Cost			
At 1 January 2021	2,997,063	113,491	3,110,554
Additions (Restated)*	280,314	5,745	286,059
Change in decommissioning provision	(33,067)	(1,608)	(34,675)
At 31 December 2021 (Restated)*	<u>3,244,310</u>	<u>117,628</u>	<u>3,361,938</u>
At 1 January 2022 (restated*)	3,244,310	117,628	3,361,938
Additions	112,971	1,128	114,099
At 30 June 2022	<u>3,357,281</u>	<u>118,756</u>	<u>3,476,037</u>
Accumulated depreciation and impairment			
At 1 January 2021	1,933,283	86,077	2,019,360
Charge for the period	305,188	2,972	308,160
Impairment	(163,095)	(34,635)	(197,730)
At 31 December 2021	<u>2,075,376</u>	<u>54,414</u>	<u>2,129,790</u>
At 1 January 2022	2,075,376	54,414	2,129,790
Charge for the period	199,769	15,500	215,269
At 30 June 2022	<u>2,275,145</u>	<u>69,914</u>	<u>2,345,059</u>
Net book value			
At 30 June 2022	<u>1,082,136</u>	<u>48,842</u>	<u>1,130,978</u>
At 31 December 2021 (restated)*	<u>1,168,934</u>	<u>63,214</u>	<u>1,232,148</u>

As at 30 June 2022, the Group has assessed impairment indicators across the cash generating units and no indicators of impairment were identified. The assessment will be revisited for the year ending 31 December 2022.

*The comparative information is restated due to application of IAS 16 amendment. See note 47.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

8. Right-of-use assets

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

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

	Land and buildings RO'000	Plant and equipment RO'000	Drilling and rigs RO'000	Vehicles RO'000	Total RO'000
As at 1 January 2021	106,655	62,150	588	5,868	175,261
Additions	24,785	4,638	348	1,133	30,904
Termination	(43)	(241)	-	-	(284)
Depreciation expense	(18,523)	(12,735)	(316)	(2,680)	(34,254)
Reclassification	-	-	(588)	588	-
Exchange difference	(317)	(207)	-	(13)	(537)
At 31 December 2021	<u>112,557</u>	<u>53,605</u>	<u>32</u>	<u>4,896</u>	<u>171,090</u>
At January 2022	112,557	53,605	32	4,896	171,090
Additions	3,889	1,434	-	1,484	6,807
Terminations	(1,941)	(101)	-	-	(2,042)
Depreciation expense	(5,404)	(8,270)	-	(1,425)	(15,099)
Lease modifications	(519)	-	-	-	(519)
Exchange difference	(225)	(94)	-	(18)	(337)
At 30 June 2022	<u>108,357</u>	<u>46,574</u>	<u>32</u>	<u>4,937</u>	<u>159,900</u>

Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)

9. Intangible assets

	ERP and software	Subsoil rights	Technology, customer relationship, trademarks, patents, and other intangible assets	Exploration assets - OQEP	Exploration assets - Caspian off shore	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Cost						
At 1 January 2021	19,807	1,411	260,473	15,309	76,232	373,232
Additions	3,143	-	3,118	-	-	6,261
Transfers (note 6)	-	-	1,343	-	-	1,343
Written off	-	-	(13)	(2,574)	-	(2,587)
Adjustment	-	-	-	(1,684)	-	(1,684)
Translation difference	(701)	-	(19,202)	-	-	(19,903)
At 31 December 2021	22,249	1,411	245,719	11,051	76,232	356,662
At 1 January 2022	22,249	1,411	245,719	11,051	76,232	356,662
Additions	2,721	-	-	-	-	2,721
Transfers (note 6)	245	-	-	-	-	245
Adjustment	-	-	-	(958)	-	(958)
Translation difference	(406)	-	(16,644)	-	-	(17,050)
At 30 June 2022	24,809	1,411	229,075	10,093	76,232	341,620
Accumulated amortization						
At 1 January 2021	17,320	1,160	165,882	-	76,232	260,594
Charge for the year	1,498	-	19,785	-	-	21,283
Translation differences	(373)	-	(13,956)	-	-	(14,329)
At 31 December 2021	18,445	1,160	171,711	-	76,232	267,548
At 1 January 2022	18,445	1,160	171,711	-	76,232	267,548
Charge for the period	392	-	9,043	-	-	9,435
Translation differences	(354)	-	(12,622)	-	-	(12,976)
At 30 June 2022	18,483	1,160	168,132	-	76,232	264,007
Net book value						
At 30 June 2022	6,326	251	60,944	10,093	-	77,613
At 31 December 2021	3,804	251	74,008	11,051	-	89,114

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

10. Goodwill

Cost	OQ Chemicals RO'000	OOMCO RO'000	Total RO'000
At 1 January 2021	285,869	3,683	289,552
Translation difference	(22,919)	-	(22,919)
At 31 December 2021 / 1 January 2022	262,950	3,683	266,633
Translation difference	(19,884)	-	(19,884)
At 30 June 2022	243,066	3,683	246,749
Impairment and translation differences			
At 1 January 2021	276,382	-	276,382
Translation differences	(22,158)	-	(22,158)
At 31 December 2021 / 1 January 2022	254,224	-	254,224
Translation differences	(19,197)	-	(19,197)
At 30 June 2022	235,027	-	235,027
Net book value			
At 30 June 2022	8,039	3,683	11,722
At 31 December 2021	8,726	3,683	12,409

The Group performed its annual impairment test at the end of the reporting year and when circumstances indicate that the carrying value may be impaired. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2021. As at 30 June 2022, there were no indicators of impairment and accordingly no impairment test was performed for goodwill.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

11. Investment in associates

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

	30 June 2022 RO'000	31 December 2021 RO'000
At 1 January	156,160	147,008
Divestment during the period / year	-	(144)
Investment during the period / year	1,165	2,191
Reclassification to disposal group	-	(452)
Share of results (note 37)	23,974	19,180
Dividends received	(10,866)	(4,844)
Accrued expenses	-	380
Foreign currency translation	(12,613)	(8,504)
Provision for impairment on associates	-	(76)
Share of other comprehensive income of associates	837	1,421
At 30 June 2022 / 31 December 2021	<u>158,657</u>	<u>156,160</u>

12. Interest in joint ventures

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

At 1 January	347,043	278,174
Investments during the period / year	-	83,011
Dividends received	(100,394)	(85,999)
Share of results (note 37)	91,360	69,475
Share of changes in other comprehensive income / (loss)	50,367	(1,581)
Divestment during the period / year	-	(70)
Accrued expenses recognised	284	642
Additions due changes in fair value of loan	197	3,391
At 30 June 2022 / 31 December 2021	<u>388,857</u>	<u>347,043</u>

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**
13. Concession receivables

	30 June 2022 RO'000	31 December 2021 RO'000
At 1 January	829,529	798,764
Acquisition during the period / year	-	8,007
Transferred from contract assets (note 15)	5,910	54,770
Income during the period / year	29,457	56,997
Payments received during the period / year	<u>(40,620)</u>	<u>(89,009)</u>
At 30 June 2022 / 31 December 2021	<u>824,276</u>	<u>829,529</u>
Current / non-current		
Non-current portion	792,240	799,126
Current portion	<u>32,036</u>	<u>30,403</u>
	<u>824,276</u>	<u>829,529</u>

14. Lease receivables

	30 June 2022 RO'000	30 June 2021 RO'000
Lease income		
Finance income on the net investment in lease	<u>11,708</u>	<u>11,926</u>

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

	30 June 2022 RO'000	31 December 2021 RO'000
Net investment in lease		
At 1 January	250,267	259,348
Repayments	<u>(4,727)</u>	<u>(9,081)</u>
At 30 June 2022 / 31 December 2021	<u>245,540</u>	<u>250,267</u>
Presented as		
Current portion	10,382	9,900
Non-current portion	<u>235,158</u>	<u>240,367</u>
	<u>245,540</u>	<u>250,267</u>

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

15. Contract assets

	-----30 June 2022-----			-----31 December 2021-----		
	-----RO'000-----			-----RO'000-----		
	Due from MEM	Others	Total	Due from MEM	Others	Total
At 1 January	145,433	1,590	147,023	144,460	1,738	146,198
Transferred to concession receivables (note 13)	(5,910)	-	(5,910)	(54,770)	-	(54,770)
Additions during the period / year	21,682	-	21,682	54,977	988	55,965
Finance income during the period / year	5,379	-	5,379	10,182	-	10,182
Invoiced and transferred to related party	-	-	-	-	(1,136)	(1,136)
Received during the period / year	(10,017)	-	(10,017)	(9,416)	-	(9,416)
At 30 June 2022/31 December 2021	156,567	1,590	158,157	145,433	1,590	147,023

16. Investments at fair value through profit and loss

	30 June 2022 RO'000	31 December 2021 RO'000
Quoted investment	-	173,792
Unquoted investments	57,798	57,809
	<u>57,798</u>	<u>231,601</u>
Impairment provision	(9,500)	(9,500)
	<u>48,298</u>	<u>222,101</u>

Quoted investment represents investment in MOL PLC which was divested during the period at a consideration of RO 173.7 million, approximating the carrying value as at 31 December 2021. The divestment was part of the Group divestment strategy for non-core assets.

The Group has not recognised any additional impairment on its unquoted investments during the period ended 30 June 2022.

16a. Assets held for sale

Muscat Gases Company SAOG	<u>407</u>	<u>452</u>
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The investment was recorded at fair value which was lower than the carrying value. Accordingly, an impairment of RO 0.04 million (30 June 2021: reversal of RO 22 million) has been charged during the period.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**
17. Short term deposits

	30 June 2022	31 December 2021
	RO'000	RO'000
Short-term-deposits	<u>200,954</u>	<u>216,606</u>

Term deposits are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, the management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. Taking into account the historical default experience and the current credit ratings of the banks, the management of the Group has assessed that there is no significant expected credit loss.

18. Other non-current assets

	30 June 2022	31 December 2021
	RO'000	RO'000
Staff benefits & staff housing loans	1,904	2,013
Deferred expenditure	2,424	2,766
Other receivables and advances	39	449
	<u>4,367</u>	<u>5,228</u>

19. Inventories

Finished goods	264,111	210,746
Oil and lubricants	299,024	170,326
Raw materials and work-in-progress	240,497	214,289
Stores and spares	185,840	183,629
	<u>989,472</u>	<u>778,990</u>
Allowance for slow-moving and obsolescence inventories	<u>(3,770)</u>	<u>(3,706)</u>
	<u>985,702</u>	<u>775,284</u>

Movement in allowance for slow-moving and obsolescence:

At 1 January	3,706	6,516
Provision written off	(15)	-
Net charge / reversal during the period / year	<u>79</u>	<u>(2,810)</u>
At 30 June 2022 / 31 December 2021	<u>3,770</u>	<u>3,706</u>

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**
20. Trade and other receivables

	30 June 2022 RO'000	31 December 2021 RO'000
Trade receivables	926,143	835,057
Less: allowance for expected credit losses	<u>(14,131)</u>	<u>(13,533)</u>
	912,012	821,524
Other receivables	275,423	121,143
Accrued revenue	452,984	174,641
Advances to suppliers	29,163	46,834
Prepaid expenses	<u>40,797</u>	<u>14,024</u>
	<u><u>1,710,379</u></u>	<u><u>1,178,166</u></u>

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

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

At 1 January	13,533	13,771
Allowance / (reversal) recognised as impairment expense	713	(195)
Reversal recognised in cost of sales	(91)	-
Translation differences	<u>(24)</u>	<u>(43)</u>
At 30 June 2022 / 31 December 2021	<u><u>14,131</u></u>	<u><u>13,533</u></u>

21. Derivatives

	Derivatives assets		Derivatives liabilities	
	30 June 2022 RO'000	31 December 2021 RO'000	30 June 2022 RO'000	31 December 2021 RO'000
Derivatives held for trading	169,009	85,445	66,172	37,826
Currency swaps	-	11	313	483
Cash flow hedges	<u>108,004</u>	<u>35,647</u>	<u>2,095</u>	<u>42,354</u>
	277,013	121,103	68,580	80,663
Less: current portion	<u>(170,522)</u>	<u>(85,562)</u>	<u>(66,371)</u>	<u>(56,252)</u>
Non-current portion	<u><u>106,491</u></u>	<u><u>35,541</u></u>	<u><u>2,209</u></u>	<u><u>24,411</u></u>

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

22. Cash and cash equivalents

	30 June 2022 RO'000	31 December 2021 RO'000
Bank balances (current and call accounts)	1,125,960	837,905
Cash balance	131	138
	<u>1,126,091</u>	<u>838,043</u>

The interest rate on call accounts ranges from 0.01%-3.5% (30 June 2021: 0.01%-3.5%).

23. Share capital

	Authorised		Issued and paid up	
	30 June 2022 RO'000	31 December 2021 RO'000	30 June 2022 RO'000	31 December 2021 RO'000
Ordinary shares of RO 1 each	<u>5,000,000</u>	<u>5,000,000</u>	<u>3,428,436</u>	<u>3,428,436</u>

24. Statutory reserve

Article 132 of the Commercial Companies Law of 2019 requires that 10% of a company's net profit to be transferred to a non-distributable legal reserve until the amount of the legal reserve becomes equal to one-third of the Parent Company's fully-paid share capital. Accordingly, during the period ended 30 June 2022 RO 38.2 million (30 June 2021: RO 6.9 million) of the Parent Company's annual profit was transferred to the legal reserve. The reserve is not available for distribution.

25. Other reserve

Other reserve mainly relates to the following:

- Fair valuation gain amounting to RO 103 million (USD 267 million) on transfer of Block 9 to the Group entity by the Sultanate of Oman for nil consideration in 2016.
- The Parent Company applied predecessor accounting using the net carrying value resulting in recording the excess of consideration paid over the net carrying value of assets acquired amounting to RO 90.4 million, as an adjustment in consolidated statement of changes in equity under "other reserves".

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

26. Hedge and fair value reserves

Movement in reserve during the is as follows:

	Hedging reserve RO'000	Share of other comprehensive income of associates and joint ventures RO'000	Total RO'000
At 1 January 2021	(97,807)	(1,571)	(99,378)
Fair values movement in hedges	77,685	-	77,685
Share of OCI of joint ventures and associates	-	(160)	(160)
Dilution of subsidiary	(2,629)	2,629	-
At 31 December 2021 / 1 January 2022	(22,751)	(637)	(23,388)
Fair values movement in hedges-net of tax	104,382	-	104,382
Share of OCI of joint ventures and associates	-	51,204	51,204
At 30 June 2022	81,631	50,567	132,198

Hedging reserve as at 31 December 2021, included negative fair value reserve on currency swap amounting to RO 0.5 million (30 June 2022: Nil).

27. Loans and borrowings

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

	30 June 2022 RO'000	31 December 2021 RO'000
The Parent Company	643,134	641,340
OQ Exploration and Production L.L.C (OQEP)	366,134	426,713
Oman Oil Holding Europe B.V.	360,939	376,292
OQ Trading Limited	344,108	225,295
OQ Methanol LLC	223,670	232,174
Takamul Investment Company SAOC	111,382	111,158
OQ Gas Network SAOC	265,919	279,344
OQ Refineries and Petroleum Industries L.L.C (OQ RPI)	2,004,759	2,636,970
Oman Oil Facilities Development Company LLC	215,834	223,714
Oman Tank Terminal Company LLC	114,582	106,621
Oman Oil Marketing Company SAOG	40,000	-
	4,690,461	5,259,621
Less: current portion	(962,861)	(1,011,009)
Non-current portion	3,727,600	4,248,612

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**
27. Loans and borrowings (continued)

(i) During the period ended 30 June 2022, OQ RPI fully repaid the following loans:

OQ RPI corporate loan of RO 218.4 million;
OQ Refineries LLC working capital loan of RO 134.2 million; and
OQ Aromatics LLC term loan of RO 156.2 million.

As at 30 June 2022, carrying value of term loan includes un-amortised deferred finance cost amounting to RO 93.3 million (31 December 2021: RO 100.4 million).

28. Lease liabilities

	30 June 2022 RO'000	31 December 2021 RO'000
At 1 January	182,331	180,644
Addition during the period / year	3,933	29,763
Interest charged	4,694	10,980
Modifications / rent concessions	(239)	(204)
Termination	-	(297)
Translation differences	(681)	2,633
Payment of lease liabilities	(15,451)	(41,188)
At 30 June 2022 / 31 December 2021	174,587	182,331
<i>Analyzed as:</i>		
Current	26,984	27,177
Non-current	147,603	155,154
	174,587	182,331

29. Employees' end-of-service benefits

At 1 January	54,947	77,604
Current service cost	3,805	4,251
Net actuarial gains	(1,006)	(6,510)
Translation differences	(2,293)	(944)
End-of-service benefits paid	(1,686)	(19,454)
At 30 June 2022 / 31 December 2021	53,767	54,947

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

30. Provisions

	Site restoration RO'000	Provision for rich gas RO'000	Total RO'000
At 1 January 2021	134,850	-	134,850
Additions / (reversals) – net (restated)*	(42,643)	13,663	(28,980)
Unwinding of discount – restated*	7,581	(5,943)	1,638
At 31 December 2021– restated*	<u>99,788</u>	<u>7,720</u>	<u>107,508</u>
At 1 January 2022– restated*	99,788	7,720	107,508
Additions	-	16,525	16,525
Unwinding of discount	3,734	(7,669)	(3,935)
At 30 June 2022	<u>103,522</u>	<u>16,576</u>	<u>120,098</u>

*The comparative information is restated due to application of IAS 16 amendment. See note 47.

31. Related party transactions and balances

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

	30 June 2022 RO '000	30 June 2021 RO '000
<i>Purchases of goods and services</i>		
- OIA and its' affiliates	2,555,002	1,436,755
- Associates and joint ventures	307,329	109,124
- Other common control entities	<u>150,150</u>	<u>72,536</u>
<i>Sale of goods and services</i>		
- OIA and its' affiliates	277,502	173,490
- Associates and joint ventures	<u>49,780</u>	<u>31,581</u>
Board sitting fee	30	48
Directors' remuneration	<u>288</u>	<u>146</u>

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

Short-term benefits	<u>635</u>	<u>836</u>
Employees' end of service benefits	<u>-</u>	<u>4</u>

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

31. Related party transactions and balances (continued)

	30 June 2022 RO'000	31 December 2021 RO'000
<i>Amount due from related parties – non-current</i>		
Associates and joint ventures	90,216	85,394
Allowance for credit loss	(6,530)	(6,639)
	<u>83,686</u>	<u>78,755</u>
<i>Amount due from related parties –current</i>		
OIA and its' affiliates	232,384	132,883
Associates and joint ventures	40,305	20,723
Others	31	-
	<u>272,720</u>	<u>153,606</u>
<i>Amount due to related parties – current</i>		
OIA and its' affiliates	861,917	457,437
Associates and joint venture	51,030	24,396
Other common control entities	1,810	535
	<u>914,757</u>	<u>482,368</u>
<i>Amount due to related parties – non-current</i>		
OIA and its' affiliates	9,242	9,242

OIA and its' affiliates include Ministry of Finance and Ministry of Energy and Minerals. Due to OIA and its' affiliates increased significantly due to increased crude prices during May and June 2022 as compared to November and December 2021.

32. Other liabilities – non-current

	30 June 2022 RO'000	31 December 2021 RO'000
Deferred payment obligation	1,540	1,540
Deferred income	20,089	14,067
Payable to the joint operator	24,350	23,252
Other payables	4,161	4,465
	<u>50,140</u>	<u>43,324</u>

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

33. Trade and other payables

	30 June 2022 RO'000	31 December 2021 RO'000
Trade payables	402,216	494,851
Accrued expenses	567,067	426,620
Other payable	394,955	295,752
	<u>1,364,238</u>	<u>1,217,223</u>

Trade payables include an amount of RO 1.7 million (2021: RO 3.8 million) due to related parties under common control.

34. Revenue

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

	30 June 2022 RO'000	30 June 2021 RO'000 Restated*
<i>Products transferred at a point in time</i>		
- Sale of petroleum products	6,933,600	3,380,105
- Others	436,680	349,651
<i>Products and services transferred over a period of time</i>		
- Services	229,217	164,543
- Others	135,416	84,871
	<u>7,734,913</u>	<u>3,979,170</u>

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

	Domestic		Foreign	
	30 June 2022 RO'000	30 June 2021 RO'000	30 June 2022 RO'000	30 June 2021 RO'000 Restated*
Revenue	<u>1,714,625</u>	1,048,858	<u>6,020,288</u>	2,936,312

*The comparative information is restated due to application of IAS 16 amendment. See note 47.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

34. Revenue (continued)

	30 June 2022 RO'000	30 June 2021 RO'000 Restated*
Europe	658,179	396,574
NAFTA (North American Free Trade Agreement)	368,124	265,891
APAC (Asia-Pacific)	4,251,418	1,737,501
SAM (South American)	18,387	10,189
Middle east	2,264,320	1,388,960
Rest of the world	174,485	180,055
	<u>7,734,913</u>	<u>3,979,170</u>

Increase in revenue was driven by an increase in sales volumes, coupled with a significant increase in the price of oil, refined products and other energy commodities. Sales volume increased due to higher demand, higher oil nomination and commissioning of OQ Plastics LLC and OQ LPG during last year.

35. Cost of sales

Cost of materials	6,173,626	3,144,738
Salaries and wages (note 39)	96,188	81,808
Depreciation charged (Note 6)	345,084	244,711
Other overheads	137,712	106,047
	<u>6,752,610</u>	<u>3,577,304</u>

*The comparative information is restated due to application of IAS 16 amendment. See note 47.

36. Investment income

	30 June 2022 RO'000	30 June 2021 RO'000
Dividend income on investments	2,597	9,206
Net gain on disposal of investments	-	45,011
Changes in fair value of investments	-	9,043
	<u>2,597</u>	<u>63,260</u>

Changes in fair value and dividend income have decreased significantly as the Group has divested two key investments during current period and last year (note 16).

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

37. Share of result of equity accounted investments

	30 June 2022 RO'000	30 June 2021 RO'000
Share of results of associates (note 11)	23,974	7,099
Share of results of joint ventures (note 12)	91,360	36,017
	<u>115,334</u>	<u>43,116</u>

38. Other income / expenses - net

Lease income (note 14)	11,708	11,926
Loss on disposal of fixed assets	(537)	(117)
Other operating income	15,426	10,638
	<u>26,597</u>	<u>22,447</u>

39. Administrative expenses

	30 June 2022 RO'000	30 June 2021 RO'000
Staff related expenses	62,204	62,479
Selling and distribution expenses	25,673	16,995
Depreciation and amortization (note 6)	18,936	25,200
IT and communication expenses	8,959	5,980
Insurance	8,640	5,721
Professional fees	6,182	5,027
Office expense	7,204	4,358
Travelling expenses	2,821	667
Research and development	1,669	1,783
Corporate social responsibility expenses	1,115	1,475
Exploration expenditure, including write offs	254	224
Other administration expenses	19,100	13,603
	<u>162,757</u>	<u>143,512</u>

Selling and distribution expenses increased due to increase in sales during the period.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

39. Administrative expenses (continued)

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

	30 June 2022 RO'000	30 June 2021 RO'000
Wages and salaries	140,896	130,868
Performance bonus	2,936	2,947
Contributions to defined contribution scheme	3,805	4,251
Other	10,755	6,221
	<u>158,392</u>	<u>144,287</u>

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

	30 June 2021 RO'000	30 June 2020 RO'000
Charge / (reversal) of impairment on asset held for sale	44	(22,006)
Allowance for expected credit loss on trade receivables	713	-
Impairment (reversal) / charge on inventories	(15)	1,217
Impairment of intangible asset	-	2,577
	<u>742</u>	<u>(18,212)</u>

The impairment on asset held for sale represents impairment on Muscat Gases SAOG (30 June 2021 reversal from Bharat Oman Refineries Limited (BORL)).

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

41. Net finance cost

	30 June 2022	30 June 2021
	RO'000	RO'000
<i>Finance income</i>		
Interest income	<u>10,480</u>	<u>18,957</u>
<i>Finance expense</i>		
Interest expense on borrowings	114,416	71,065
Unwinding of discount on site restoration costs (note 30)	(3,935)	5,317
Interest on lease liabilities	3,490	2,829
Other finance charges	<u>1,022</u>	<u>1,077</u>
	<u>114,993</u>	<u>80,288</u>
<i>Foreign exchange (losses) / gains – net</i>		
Realised exchange gains / (losses)	3,168	(2,269)
Unrealised exchange (losses) / gains	<u>(12,387)</u>	<u>1,044</u>
	<u>(9,219)</u>	<u>(1,225)</u>
Net finance cost	<u>113,732</u>	<u>62,556</u>

Net finance cost increased significantly during the period due to finance expenses being recognised in profit and loss account on commencement of commercial operation of OQ Plastics LLC and OQ LPG LLC.

42. Income tax

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

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2022 was 3% (six months ended 30 June 2021: 8%(restated)). The change in effective tax rate was mainly caused by the following factors:

- Tax charge arising from gain on disposal of BORL;
- Significant increase in profit before tax for group companies which were exempted from income tax for the six months ended 30 June 2022 as compared to six months ended 30 June 2021; and
- Tax impact of share of profit and loss from equity accounted investments.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

42. Income tax (continued)

	30 June 2022 RO'000	31 December 2021 RO'000
Current liabilities		
Current year	30,397	27,295
Prior year	262	1,846
	<u>30,659</u>	<u>29,141</u>
Movement in net deferred tax (liabilities) / assets		
At 1 January	(169,339)	(113,581)
Movement during the period / year (statement of profit or loss)	(2,422)	(56,571)
Movement during the period / year (statement of other comprehensive income)	(2,800)	813
At 30 June 2022 / 31 December 2021	<u>(174,561)</u>	<u>(169,339)</u>
This is presented in the consolidated statement of financial position as follows:		
Deferred tax assets	17,540	29,756
Deferred tax liabilities	(192,101)	(199,095)
	<u>(174,561)</u>	<u>(169,339)</u>
	30 June 2022 RO'000	30 June 2021 RO'000
Profit or loss		
<i>Current tax expense</i>		
Current year	24,717	19,252
Prior year	-	338
	<u>24,717</u>	<u>19,590</u>
<i>Deferred tax expense</i>		
Current year	2,422	8,403
	<u>2,422</u>	<u>8,403</u>
Tax expense for the period	<u>27,139</u>	<u>27,993</u>

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

43. Earnings per share

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

	30 June 2022	30 June 2021 Restated*
Profit attributable to shareholders (RO'000)	<u>820,734</u>	<u>314,151</u>
Weighted average number of shares for basic and diluted EPS	<u>3,428,629,083</u>	<u>3,428,629,083</u>
Basic and diluted earnings per share (RO)	<u>0.239</u>	<u>0.092</u>

**The comparative information is restated due to application of IAS 16 amendment. See note 47.*

44. Contingencies and commitments

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

	30 June 2022 RO'000	31 December 2021 RO'000
Letter of credit	157,532	147,107
Performance guarantees and bonds	<u>1,227,508</u>	<u>1,193,306</u>
	<u>1,385,040</u>	<u>1,340,413</u>
 Capital and expenditure commitments	 <u>907,922</u>	 <u>979,653</u>

There were no significant changes in other items disclosed in last year annual financial statements.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

45. Financial instruments – Fair values and risk management

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

	30 June 2022 RO'000	31 December 2021 RO'000
<i>Financial assets measured at amortised cost</i>		
- Due from related parties	356,406	232,361
- Trade and other receivables	1,710,379	1,178,171
- Concession receivables	824,276	829,529
- Lease receivables	245,540	250,267
- Contract assets	158,157	147,023
- Cash and cash equivalents	1,126,091	838,043
- Term deposits	200,954	216,606
- Other non-current assets	4,367	5,228
	<u>4,626,170</u>	<u>3,697,228</u>
<i>Financial assets measured at FVTPL</i>		
- Investments	48,298	222,101
- Commodity contracts	169,009	85,445
	<u>217,307</u>	<u>307,546</u>
<i>Financial assets measured at FVTOCI</i>		
- Derivatives	108,004	35,658
	<u>4,951,481</u>	<u>4,040,432</u>
<i>Financial liabilities measured at amortised cost</i>		
- Loans and borrowings	4,690,461	5,259,621
- Lease liabilities	174,587	182,331
- Due to related parties	923,999	491,610
- Trade and other payables	1,364,238	1,217,223
- Other non-current liabilities	50,140	43,324
	<u>7,203,425</u>	<u>7,194,109</u>
<i>Financial liabilities measured at FVTPL</i>		
- Commodity contracts	66,172	37,826
<i>Financial liabilities measured at FVOCI</i>		
- Derivatives	2,408	42,837
	<u>7,272,005</u>	<u>7,274,772</u>

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

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

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

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

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

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

	30 June 2022 (Reviewed)			31 December 2021 (Audited)		
	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	-	-	48,298	173,792	-	48,309
Inventories (note 19)	-	286,146	-	-	161,842	-
Derivatives held for trading - net (note 21)	-	102,837	-	-	47,619	-
Cash flow and currency swaps - net (note 21)	-	105,596	-	-	(6,707)	-
	-	494,579	48,298	173,792	202,754	48,309

Movement in level 3 fair value is as follows:

	2022 RO'000 (Reviewed)	31 December 2021 RO'000 (Audited)
Balance as at 1 January	48,382	48,382
Fair value changes	-	(73)
Translation differences	(84)	-
Balance at 30 June 2022 / 31 December 2021	48,298	48,309

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values at 30 June 2022 and 31 December 2021 for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. During the period ended 30 June 2022, there were no transfers between the levels for fair value measurement of the financial instruments held by the Group (31 December 2021: none).

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2022 (continued)

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

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

46. Operating segments

Basis for segmentation

The Group’s organizational structure reflects various activities in which it is engaged. At 30 June 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, marketing, manufacturing, alternative energy and corporate activities worldwide. None of these segments met the quantitative thresholds for reportable segments. The accounting policies of the operating segments are the same as the Group’s accounting policies described in Note 4 in last annual financial statement. However, IFRS requires that the measure of profit or loss disclosed for each operating segment is the measure that is provided regularly to the chief operating decision maker for the purposes of performance assessment and resource allocation. For the Group, this measure of performance is profit or loss before tax.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

46. Operating segments (continued)

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.

Six months period ended (RO'000)	Reportable segments		All other segments	Consolidation adjustment and eliminations	Total
	Upstream	Downstream			
30 June 2022					
External revenues	177,266	6,987,975	569,672	-	7,734,913
Inter-segment revenues	511,973	-	-	(511,973)	-
Profit after tax	<u>320,316</u>	<u>380,565</u>	<u>121,208</u>	<u>372</u>	<u>822,461</u>
As at 30 June 2022					
Segment assets	3,066,053	7,517,698	1,598,092	-	12,181,842
Segment liabilities	<u>1,429,695</u>	<u>5,996,726</u>	<u>242,209</u>	-	<u>7,668,630</u>
Six months period ended (RO'000)					
30 June 2021 (restated*)					
External revenues	173,191	3,662,775	143,204	-	3,979,170
Inter-segment revenues	252,052	-	-	(252,052)	-
Profit after tax	<u>115,903</u>	<u>108,537</u>	<u>90,400</u>	-	<u>314,840</u>
As at 31 December 2021 (restated*)					
Segment assets	2,992,249	6,719,761	1,502,039	-	11,214,049
Segment liabilities	<u>1,152,660</u>	<u>6,078,062</u>	<u>434,741</u>	-	<u>7,665,463</u>

*The comparative information is restated due to application of IAS 16 amendment. See note 47.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

46. Operating segments (continued)

Reconciliation of reportable segment profit or loss

	30 June 2022	30 June 2021
	RO'000	RO'000
		Restated*
Total profit after tax for reportable segments	700,881	224,440
Profit before tax for other segments	121,580	90,400
Profit after tax	822,461	314,840

**The comparative information is restated due to application of IAS 16 amendment. See note 47.*

47. Restatement of comparative information

As disclosed in note 4, the Group has adopted amendment to IAS 16 effective from 1 January 2022 and accordingly has restated the comparative information. As a results of adoption of IAS 16 amendment, the Groups restated and recognised net trial run revenue and cost of RO 42.1 million increasing the carrying value of property, plant and equipment, Oil and gas production and development assets and provision.

The significant portion of net income was generated from trial run of OQ Plastic LLC plant amounting to RO 38.2 million.

The following tables summarise the impacts on the Group's interim condensed consolidated financial statements.

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)**

47. Restatement of comparative information (continued)

a) Consolidated statement of financial position as at 31 December 2021

	Notes	Impact of IAS 16 amendment		
		As previously reported	Adjustments	As restated
		RO'000	RO'000	RO'000
Property, plant and equipment	6	4,318,667	41,499	4,360,166
Oil sand and gas production and development assets	7	1,230,658	1,490	1,232,148
Others		5,621,735	-	5,621,735
Total assets		11,171,060	42,989	11,214,049
Accumulated losses		(156,140)	42,112	(114,028)
Others		3,662,614	-	3,662,614
Total equity		3,506,474	42,112	3,548,586
Provisions	30	106,631	877	107,508
Others	31	7,557,955	-	7,557,955
Total liabilities		7,664,586	877	7,665,463
Total equity and liabilities		11,171,060	42,989	11,214,049

b) Consolidated statement of profit or loss and OCI for six months period ended 30 June 2021

	Notes	Impact of IAS 16 amendment		
		As previously reported	Adjustments	As restated
		RO'000	RO'000	RO'000
Revenue	34	3,867,612	111,558	3,979,170
Cost of sales	35	(3,481,228)	(96,076)	(3,577,304)
Others		(87,026)	-	(87,026)
Profit		299,358	15,482	314,840
Total comprehensive income		360,924	15,482	376,406

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2022 (continued)****47. Restatement of comparative information (continued)**

The increase on earnings per share as presented previously for the period ended 30 June 2021 is RO 0.005 per share.

The increase and decrease on operating and investing activities in the statement of cash flows as presented previously for the period ended 30 June 2021 amounts to RO 15.482 million, respectively.

48. Divestment strategy

As a part of the Group divestment strategy, the Group is exploring the option for dilution or divestments of certain assets. As at 30 June 2022, the Group has assessed the classification of such assets as per *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* and none of the assets qualify for classification as non-current assets held for sale except for the assets as disclosed in note 16.

49. Approval of consolidated financial statements

These interim condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on 23 August 2022.

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

