OQ SAOC AND ITS SUBSIDIARIES

Report and consolidated financial statements for the year ended 31 December 2024

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for the year ended 31 December 2024

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Chairman's Message

On behalf of the Board of Directors, I am pleased to reflect on another strong year for the OQ Group, filled with numerous operational accomplishments and demonstrating financial resilience across all fronts.

Financially, OQ's strategic planning efforts provided the Group with resilience amidst geopolitical disruptions and tumultuous market conditions in 2024, yielding solid results. The Group achieved an EBITDA of USD 2,846 Mn and net profit of USD 1,337 Mn. Although a slight decline was observed in profitability compared to 2023, the OQ Group continued to focus on enhancing operational efficiencies and implementing cost control measures to counteract an unfavourable price environment. On a standalone basis, OQ SAOC recorded a net income of USD 3,009 Mn, which was largely driven by investment income from dividends received from OQ Exploration and Production (OQEP), OQ Trading, and OQ Base Industries (OQBi). Additionally, OQ's commitment to financial discipline and ensuring financial stability across the Group led to the release of a government debt service undertaking (DSU. Along with the release of the DSU, the Group has been able to achieve a 19% reduction in outstanding debt compared to 2023.

Our journey in 2024 began with the grand inauguration of the OQ8 Refinery in Duqm under the auspices of His Majesty Sultan Haitham bin Tarik and His Highness Sheikh Mishal Al Ahmad Al Jaber Al Sabah, Emir of the State of Kuwait. The state-of-the-art facility is the largest investment project between Oman and Kuwait, and will significantly enhance OQ's refining capabilities while also reinforcing Oman's role as a global energy hub.

Moreover, OQ continued to play a vital role in progressing national priorities in 2024, highlighted by the success of two consecutive IPOs on Muscat Stock Exchange. In September, the Group floated 25% of OQEP shares -- the largest IPO in Oman's history. With about USD 5.5 Bn in total demand and achieving an oversubscription level of 2.4x, the OQEP IPO translated to a quarter of the entire market capitalisation of public companies listed on MSX, a reflection of OQEP's operational excellence and OQ's ability to extract value from its investments. Building on this success, OQ successfully completed the listing of OQBi shares in November, resulting in a 2.1x oversubscription and demand exceeding USD 1 Bn. The listing marked the fourth IPO from OQ's diverse portfolio in the past two years, representing the Group's commitment to economic diversification and value creation.

As testament of the Group's mission to drive sustainable economic growth in Oman's value chain and enable the energy transition through successful partnerships, OQ and TotalEnergies signed the Final Investment Decision for MARSA LNG, a first-of-its-kind project in the Middle East. The plant, which will provide LNG to bunkering vessels in Sohar, will be 100% electrically driven and supplied with solar power, positioning the site as one of the lowest GHG emissions intensity LNG plants ever built worldwide. Additionally, OQ Alternative Energy (OQAE) signed Long Term Power Purchase Agreements (PPAs) with Petroleum Development Oman for three major renewable energy projects for the development of 300 megawatts of solar and wind energy in Al Wusta and Dhofar. These strategic milestones come in line with OQ's environmental goals and broader national objectives to achieve carbon neutrality by 2050.

> OQ's strategic planning efforts provided the Group with resilience amidst geopolitical disruptions and tumultuous market conditions in 2024, yielding solid results.

Notably, OQ was honored to welcome over 2,700 delegates and 54 exhibiting companies to the 18th Annual Gulf Petrochemicals and Chemicals Association (GPCA) Forum, held for the first time in the Sultanate of Oman. Under the theme "Industry's Next Chapter: Driving Sustainable Advancement for Global Progress", the Forum served as a key platform for global and regional CEOs to answer pressing questions facing the industry. As the first-time host of the GPCA Forum, OQ has positioned itself as a reliable and valued partner. This was further evidenced by the results of the Group's Brand Health Tracker Survey, which showed a 55-point increase in the net promoter score from 2021 to 2024, highlighting a positive trajectory in customer and community engagement.

It is clear that the Group's accomplishments rely on its greatest asset – our people. In line with the Group's commitment to developing local talents, OQ achieved an 85% Omanisation rate and welcomed over 240 fresh graduates in the 11th cohort of the Shabab OQ graduate development programme. Additionally, as part of the Group's focus on supporting the communities in which it operates, OQ was pleased to sign two major social investment projects in Duqm and Ibri, aimed at providing an emergency healthcare facility and a scientific innovation center in the respective regions.

As we close another year of momentous achievements, OQ has proven once again its ability to maneuver market fluctuations and demonstrate strong agility thanks to its strategy, which has been instrumental in this success. OQ is now strategically positioned to initiate the next phases of progress, with a focus on portfolio diversification and growth.

In closing, I would like to extend my deepest gratitude to the Government of the Sultanate of Oman for their continuous support under the wise leadership and guidance of His Majesty Sultan Haitham bin Tarik. Looking ahead, OQ is well positioned to build on this momentum in 2025, focusing on driving excellence, innovation, and sustainable growth while delivering outstanding results.

Mulham Basheer Al Jarf

OQ Chairman

Group CEO Message

As we look back on 2024, I am proud to report another year of solid results by the OQ Group. While fluctuating market conditions and operational hurdles presented some challenges, the Group emerged with notable achievements, ensuring once again our commitment to delivering value to our stakeholders and unlocking potential from Oman's energy resources.

With more than 34 Mn manhours expended in 2024, OQ demonstrated an unwavering commitment to safety, ensuring the highest health, safety, security and environment (HSSE) practices across all our operations. For the second consecutive year, OQ recorded zero fatalities while also observing a demonstrated downward trend in lost time injuries, which decreased from 11 in 2022 to 7 in 2023, and subsequently to only 4 recorded in 2024.

Geopolitical disruptions and persistent market volatility tested our financial resilience during the year. Despite these obstacles, we remained focused on correcting setbacks, resulting in the Group recording an EBITDA of USD 2,846 Mn and net profit of USD 1,337 Mn, reflecting our dedication to financial resilience and the adaptability of our strategic decisions. Worthwhile mentioning, OQ standalone financial performance generated dividends income for the year of USD 1,345 Mn and an outstanding net profit of USD 3,009 Mn factoring the gains on divestments.

This year, we reached several key strategic operational milestones that underscored our focus on growth, innovation, and maximising value from Oman's energy resources. Following the inauguration of the OQ8 Refinery in Duqm in February, the Group held the groundbreaking ceremonies for the Strategic Fuel Reserve projects in Dhofar and Musandam, as part of our commitment to sustainable economic development in Oman and addressing the rising demand for petroleum products driven by population growth and increased commercial activities in both regions. Additionally, in our ongoing efforts to lead Oman's energy transition, the Group advanced three renewable energy projects in Dhofar and Al Wusta and onboarded BP as our partners in our green hydrogen project, HYPORT Duqm. Importantly, the Group successfully implemented transformation objectives in our existing downstream assets, OQ Polymers and OQ8, enhancing their operational and financial performances. These strategic initiatives have strengthened their market position, enabling them to navigate challenging market conditions more effectively. In addition, OQ's Trading arm achieved major milestones including: securing an LNG offtake agreement for the first time, increased 3rd party crude volumes traded through pre-export financing participation and an exclusive gasoline supply deal with a major fuel retailer in UAE.

> The Group emerged with notable achievements, ensuring once again our commitment to delivering value to our stakeholders and unlocking potential from Oman's energy resources.

Moreover, in line with our objectives to bolster economic diversification, attract foreign direct investment in Oman, and grow local industries, the Group entered into seven investment agreements collectively valued at USD 66 Mn with local and international companies to establish industrial projects under the Ladayn Polymer Park. Our record-breaking IPOs of OQ Exploration and Production (OQEP) and OQ Base Industries (OQBi) further highlighted the Group's contributing role in developing Oman's capital markets. And in a significant milestone marking OQ's focus on innovation, OQ launched the first cohort of the Accelerator Programme to collaborate with startups, gain access to new technologies, and support the startup ecosystem in Oman. In addition, OQ launched e-Symphony, a private cloud SAP RISE system, making the Group the first organisation in Oman to implement SAP RISE in a private cloud at this scale. This cutting-edge solution represents a significant breakthrough in OQ's digital transformation journey.

As one of the largest companies in Oman, we recognise our responsibility to supporting local small-to-medium enterprises, which represented 19% of our total OQ spend in 2024. This comes in line with more than USD 900 Mn in local spend during the year. Equally, the Group also recongises our responsibility to empower young talents and develop national competencies. In 2024, we welcomed over 240 fresh graduates through the 11th edition of the Shabab OQ programme, as well as more than 890 interns from various educational institutions. Subsequently, the Group was awarded the Oman Investment Authority Excellence Award in the Growth and Job Creation category, and I am pleased to report that the Group concluded the year with a six-point increase in the satisfaction and motivation category in the annual employee culture survey.

In conclusion, I would like to express my sincere gratitude to the Oman Investment Authority, our Board of Directors, the Executive Leadership Team, and our employees for their hard work and collective contributions, which were invaluable to our performance in 2024. As we look to the future, we remain committed to delivering long-term growth and look forward to even greater successes in the year ahead.

Ashraf Al Mamari

Group Chief Executive Officer

2024 Financial Performance

Group Consolidated Results

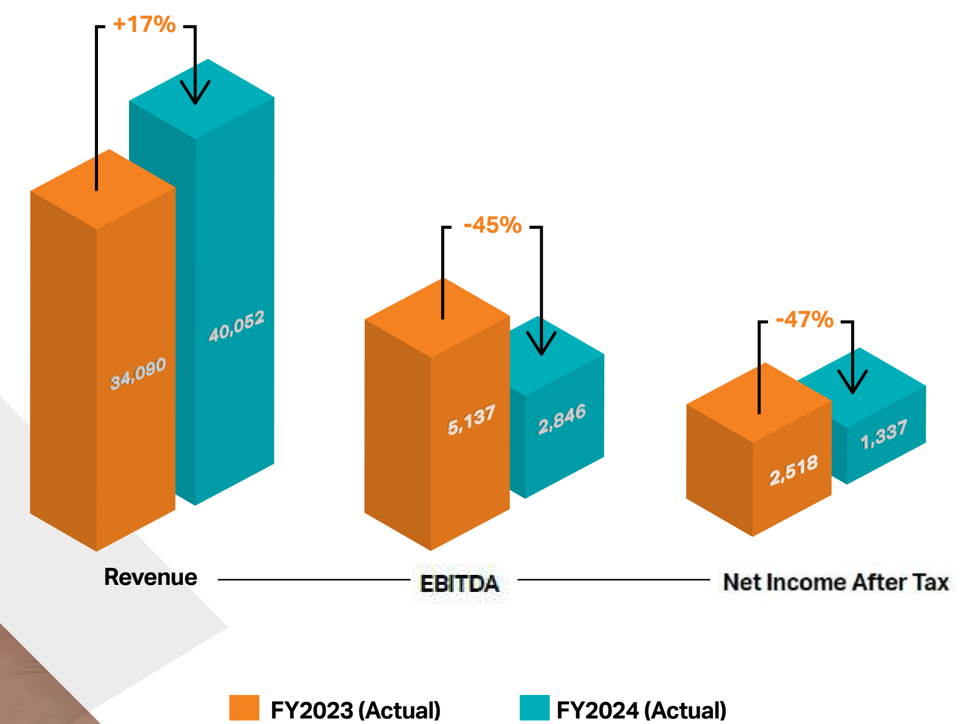
In 2024, OQ encountered a very complex financial landscape influenced by fluctuating energy prices resulting from various geopolitical disruptions. Furthermore, we faced multiple production-related challenges within some of our assets, leading to substantial margin erosion. Nonetheless, we successfully delivered on our major strategic initiatives such as execution of two IPOs, strengthening our presence in Alternative Energy space and commissioning of Duqm Refinery amongst others.

Throughout the year, the unfavourable price environment, coupled with operational setbacks created pressure on our cost management strategies. Thus, our financial performance faced significant headwinds, resulting in a decline in profitability compared to the previous year, measured in terms of EBITDA and Net Profit. While we continued to focus on enhancing operational efficiency and controlling costs, these efforts were not enough to fully offset the challenges posed by market volatility, particularly within the downstream spectrum.

Looking ahead, we remain focused on enhancing operational resilience, investing in advanced technologies and risk management strategies and implementing strategic initiatives that will drive our future growth. We remain committed to strengthening our financial position to sustain long-term growth and maintain shareholder value.

A snapshot of our consolidated financial results is depicted below:

Consolidated Financial Results (USD Mn)



The Consolidated Group Revenue for 2024 was reported at USD 40,052 Mn, 17% higher compared to 2023. The increase was mainly attributed to OQ Trading's 35% increase in volume, driven largely by an offtake from OQ8 and additional crude supply volumes from the Ministry of Energy and Minerals (MEM).

OQ reported Consolidated EBITDA and Net Profit of USD 2,846 Mn and USD 1,337 Mn, respectively, 47% and 48% lower than 2023 results, reflecting the weak performance of both, Upstream and Downstream segments.

Upstream profitability in FY2024 was significantly lower compared to the prior year, as FY2023 included 100% revenues from B-60&48 and farm-out gain from the divestment of working interest in the blocks. Furthermore, the realised OEB price in FY2024 was lower than FY2023 (FY2023: USD 84/bbl vs FY2024: USD 81/bbl).

On the Downstream side, margins demonstrated significant downturn compared to 2023. Furthermore, net losses from OQ8 as well as the reclassification of OQ Chemicals as discontinued operations adversely affected FY2024 EBITDA. On the contrary, OQ Trading and Marafiq recorded a stronger performance compared to the prior year, however, was able to only partially offset the adverse impact.

Consolidated Assets

OQ's consolidated Assets as of December 31, 2024, amounted to USD 36,222 Mn, 9% higher than the previous period. This was driven by the increase in Short-term Deposits by 33%, Cash and Cash Equivalents mainly due to cash proceeds received from OQEP and OQBi IPOs, and non-Current Assets such as restricted long-term deposits and receivable balances in OQEP and OQT.

Consolidated Liabilities

OQ's consolidated Liabilities as of December 31, 2024, amounted to USD 17,406 Mn, a marginal increase compared to the closing balance of the prior year.

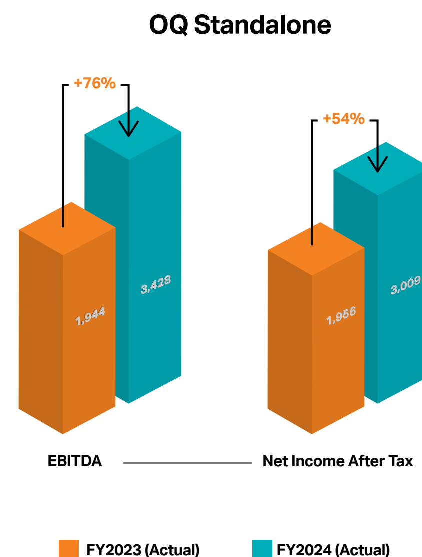
However, OQ's consolidated outstanding debt as of December 31, 2024, was USD 7,581 Mn, decreased by 19%, compared to the closing balance of previous year. This reduction was mainly a result of OQ Polymers' debt prepayment amounting to USD 1,300 Mn, reclassification of OQC's debt to 'liabilities directly associated with held for sale' (USD 944 Mn), natural amortisation of existing debt and OQT's lower utilisation of their line credit.

The overall Balance Sheet structure of the Group sees the Current Ratio (Current Assets / Current Liabilities) further strengthening to 1.72 (compared to 1.57 in 2023, 1.44 in 2022), underscores our commitment to financial discipline, strategic deleveraging, and operational efficiency. By optimising financial obligations and actively reducing debt, we have reinforced our strong balance sheet, improved liquidity, and enhanced long-term resilience. Additionally, by maintaining financial flexibility, we are well-positioned to support future investments and strategic growth initiatives while effectively managing risks and capital structure.

OQ SAOC Standalone Financial Report

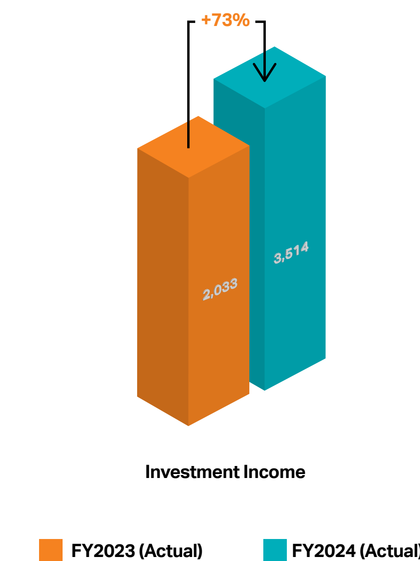
During FY2024, OQ SAOC recorded a net income of USD 3,009 Mn. This is largely driven by investment income, which consists of dividends received from its underlying assets amounting to USD 1,345, major contributors being OQEP: USD 619 Mn, OQT:USD 200 Mn and OQBi: USD 160 Mn .

OQ Standalone



Furthermore, during the year, OQ SAOC generated a gain of USD 2,168 Mn resulting from the recent IPO listing of OQ EP (USD 1,878 Mn) and OQBI (USD 290 Mn).

OQ SAOC Investment Income



The Company also recorded a net provision for impairment amounting to USD 468 Mn, the largest component pertains to the Chemicals business, and under the current terms, there is no recourse to the principal shareholders' loan, accrued interest, and receivable balance, which together total USD 402 Mn. The remaining provision mainly relate to an impairment recognised on shareholder loan (investment) for OTTCO.

The investment income of 2024 has further improved the OQ SAOC's accumulated profit in the Balance Sheet from USD 2,936 Mn to USD 4,355 Mn as of 31 December 2024.

During the year, the Company has increased its investments value by USD 1,032 Mn from last year end, which are mainly driven by the following:

- **The Company has further injected a shareholder loan amounting to USD 1,445 Mn into OQ RPI primarily for debt prepayment.**
- **An additional shareholder loan amounting to USD 434 Mn has been disbursed by the Company toward DRPIC (OQ8) primarily for project related expenditures.**
- **As part of the IPO process, OQEP has transferred its investment in Abraj amounting to USD 99 Mn to OQ SAOC under IFRS guidelines.**
- **Increased investment in OQBI by USD 93 Mn as part of the IPO listing (i.e. stock dividend, netted off against secondary listing).**
- **Further shareholder loan in OQAE of USD 79 Mn injected during the year.**

However, the above additions were offset by:

- **Reduction in OQ E&P's investment of USD**

As at 31 December 2024, Total Equity of OQ SAOC has improved by USD 1,673 Mn which is mainly made of the profit of the year amounting to USD 3,009 Mn (before 10% transfer to Statutory reserve) less dividends paid in 2024 to OIA of USD 1,293 Mn.

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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 2024, 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 2024, 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 the 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.

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Revenue recognition from sale of petroleum products

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 15,400 million revenue during the year of which sale of petroleum products constitutes a significant portion amounting to OMR 14,900 million i.e. 96.7%. Revenue recognition is based on satisfying performance obligations as defined in customer contracts, which often hinges on the transfer of title and risk according to specific Incoterms (International Commercial Terms). We determined the year-end cut-off for revenue from the sale of petroleum products to be a Key Audit Matter due to the following factors, which, in combination, create a significant risk of material misstatement due to error and fraud: – *Complex Contractual Terms and Continuous Operations*: Revenue transactions are governed by complex customer contracts with varying pricing mechanisms, delivery terms, and performance obligations tied to the precise point of control transfer. The continuous nature of oil and gas operations, with shipments constantly in transit, further complicates the accurate determination of cut-off; – *Logistical Complexities and Timing of Control Transfer*: Determining the exact point at which control transfers, and therefore when revenue should be recognized, is inherently complex in the Group. This determination is highly dependent on the specific Incoterms of each sale, which dictate the point of title and risk transfer. Delays or inaccuracies in receiving shipping documentation near the year-end can lead to revenue being recorded in the incorrect period; and – *High Volume of Transactions Near Year-End*: The Group engages in a high volume of petroleum product sales transactions. A significant number of these transactions may be in progress at or near the year-end reporting date. This high volume, combined with the complexities described above, significantly increases the risk of cut-off errors.	Our audit procedures in this area included, among others: – Obtaining an understanding of the process related to revenue recognition from sale of petroleum products, systems, and the relevant controls; – Assessing 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 relevant controls over revenue recognition from the sale of petroleum products. ; – On a sample basis obtained contracts with customers to understand pricing and key delivery terms (Incoterms) mentioned in those contracts to determine the appropriateness of pricing and point of revenue recognition from sale of petroleum products; and – On a sample basis performing revenue cut-off procedures and selected a sample of invoices before and after year-end to test whether revenue is recorded in the appropriate period;

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Impairment testing of property, plant and equipment	
See Note 6 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The Group has tested for impairment Property, Plant and Equipment amounting to OMR 4,022 million as at 31 December 2024. Impairment test of assets is performed whenever event and circumstances indicate that the carrying value of the assets may exceed its recoverable amount. The assets were considered at risk of impairment due to expected reduction in prices for downstream business products.The impairment testing of property, plant and equipment is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the assets, which is based on the higher of the value in use and fair value less costs of disposal, has been derived from discounted cash flow models. These models use several key assumptions, including estimates of future sales volumes and prices, operating costs and the weighted-average cost of capital (discount rate).	Our audit procedures in this area included, among others: – Obtaining understanding of management's impairment review process and evaluating the design and implementation of relevant controls over identification of impairment indicators and recoverable amount calculations; – Evaluating the historical accuracy of the Group’s assessment of the projected cashflows by comparing previous forecasted assumptions and cashflows with actual outcomes; – Involving our own valuation specialist to assist in evaluating the appropriateness of the discount rates applied, which included comparing the weighted-average cost of capital with sector averages for the relevant markets; – Evaluating the appropriateness of the assumptions applied to key inputs such as sales volumes and prices, operating costs, future prices and inflation, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the Group and the industry; – Performing our own sensitivity analysis, which included assessing the effect of reasonably possible increase in discount rates and decrease in forecast cash flows to evaluate the impact on the currently estimated headroom for the assets; and – Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.

Other Information

Management is responsible for the other information. The other information comprises the Chairman Message, GCEO Message and Financial Performance Analysis.

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

Continued on page 2(d)

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Other Information (continued)

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.

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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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 consolidated 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 message 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 2024 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 consolidated financial position as at 31 December 2024.

Mobeen Chaudhri

23 March 2025

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Consolidated statement of financial position as at 31 December

ASSETS	Notes	2024 RO'000	2023 RO'000
Non-current assets			
Property, plant and equipment	*6*	**4,022,543**	4,304,615
Oil and gas production and development assets	*7a*	**899,841**	956,300
Exploration and evaluation assets	*7b*	**8,362**	6,675
Right-of-use assets	*8*	**211,215**	215,181
Intangible assets	*9*	**10,059**	40,964
Goodwill	*10*	**3,683**	12,203
Investment in associates	*11*	**161,651**	182,452
Interest in joint ventures	*12*	**760,972**	705,846
Deferred tax assets	*41*	**32,156**	17,514
Concession receivables	*13*	**909,265**	772,022
Lease receivables	*14*	**204,858**	223,792
Contract assets	*15*	**117,787**	241,191
Derivatives	*21*	**3,314**	36,167
Due from related parties	*31*	**94,220**	94,029
Other financial asset	*17b*	**97,220**	-
Other non-current assets	*18*	**37,589**	56,718
Total non-current assets		**7,574,735**	7,865,669
Current assets			
Inventories	*19*	**832,201**	770,391
Trade and other receivables	*20*	**1,578,572**	1,404,790
Concession receivables – current portion	*13*	**30,869**	29,729
Lease receivables – current portion	*14*	**12,682**	5,989
Due from related parties	*31*	**152,313**	235,209
Investments at fair value through profit and loss	*16b*	**386**	165
Derivatives	*21*	**99,865**	63,648
Short-term deposits	*17a*	**961,333**	720,343
Cash and cash equivalents	*22*	**2,018,209**	1,654,789
Assets held for Sale	*16a*	**666,111**	49,697
Total current assets		**6,352,541**	4,934,750
Total assets		**13,927,276**	12,800,419
EQUITY AND LIABILITIES			
EQUITY			
Share capital	*23*	**3,556,447**	3,556,447
Share capital pending registration	*23*	**194**	194
Statutory reserve	*24*	**669,379**	508,450
Other reserve	*25*	**372,555**	(132,706)
Hedge and fair value reserve	*26*	**84,990**	123,625
Translation reserve	*3.1*	**(12,542)**	(5,662)
Retained earnings		**1,752,268**	1,910,042
Equity attributable to equity holders of the parent		**6,423,291**	5,960,390
Non-controlling interests	*46*	**811,562**	432,060
Total equity		**7,234,853**	6,392,450
Non-current liabilities			
Loans and borrowings	*27*	**2,444,625**	2,664,358
Lease liabilities	*28*	**186,625**	187,140
Employees' end-of-service benefits	*29*	**40,285**	61,960
Provisions	*30*	**183,780**	155,216
Due to related parties	*31*	**9,242**	9,242
Deferred tax liabilities	*41*	**118,127**	174,410
Other liabilities	*32*	**11,169**	19,670
Total non-current liabilities		**2,993,853**	3,271,996
Current liabilities			
Trade and other payables	*33*	**1,376,882**	1,082,249
Loans and borrowings	*27*	**470,356**	931,905
Lease liabilities	*28*	**39,810**	33,890
Provisions – current portion	*30*	**24,691**	-
Derivatives	*21*	**62,121**	15,085
Due to related parties	*31*	**1,035,567**	942,377
Income tax	*41*	**72,412**	130,467
Liabilities directly associate with held for sale	*16a*	**616,731**	-
Total current liabilities		**3,698,570**	3,135,973
Total liabilities		**6,692,423**	6,407,969
Total equity and liabilities		**13,927,276**	12,800,419

These consolidated financial statements and the accompanying notes were approved and authorized for issuance by the Board of Directors on 19 March 2025.

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	2024 RO'000	2023 RO'000
Continuing operations			
Revenue	*34*	**15,399,898**	13,128,055
Cost of sales	*34*	**(14,574,341)**	(11,873,373)
Gross profit		**825,557**	1,254,682
Investment income	*35 a*	**1,175**	301,449
Share of results of equity accounted investments	*36*	**(16,339)**	75,822
Other income / Other income / expenses – net	*37*	**75,386**	52,927
Administrative expenses	*38*	**(340,690)**	(380,871)
Reversal / (charge) of impairment loss	*39*	**228,573**	(6,155)
Operating profit		**773,662**	1,297,854
Finance income	*40*	**159,821**	104,605
Finance cost	*40*	**(251,382)**	(247,625)
Foreign exchange (loss) / gain	*40*	**(1,660)**	10,763
Profit for the period before tax		**680,441**	1,165,597
Income tax	*41*	**(61,653)**	(134,375)
Profit from continuing operations		**618,788**	1,031,222
Discontinued operation			
Loss from discontinued operation, net of tax	16a	**(104,676)**	(61,572)
Profit for the period		**514,112**	969,650
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference on investment in associates	*11, 12*	**(16,535)**	(673)
Share of other comprehensive loss of associates and joint ventures	*26*	**(3,290)**	(13,479)
Effective portion of changes in fair value of cash flow hedges	*26*	**33,396**	20,443
Reclassified to Profit or loss - cash flow hedges	*26*	**(72,985)**	(83,017)
Income tax on other comprehensive loss	41	**4,244**	13,349
OCI from discontinued operation, net of tax (foreign currency)		**9,655**	(5,698)
Items not to be reclassified to profit or loss in subsequent periods			
Transfer to defined benefit plan, actuarial (losses)/gains		**(30)**	789
Other comprehensive loss, net of tax		**(45,545)**	(68,286)
Total comprehensive income for the year		**468,567**	901,364
Profit for the year attributable to:			
- Equity holders of the parent		**467,405**	956,209
- Non-controlling interests		**46,707**	13,441
Profit for the year		**514,112**	969,650
Total comprehensive income attributable to:			
- Equity holders of the parent		**421,860**	887,923
- Non-controlling interests		**46,707**	13,441
Total comprehensive income for the year		**468,567**	901,364
Earnings per share			
Basic and diluted earnings per share – OMR	*42*	**0.145**	0.273
Earnings per share - Continuing operations			
Basic and diluted earnings per share – OMR	*42*	**0.174**	0.290

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 2024

	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 2024	3,556,447	194	508,450	(132,706)	123,625	(5,662)	1,910,042	5,960,390	432,060	6,392,450
Profit for the year	-	-	-	-	-	-	467,405	467,405	46,707	514,112
Other comprehensive income										
Foreign currency translation differences, net of tax	-	-	-	-	-	9,655	-	9,655	-	9,655
Changes in fair value of cash flow hedges (net of reclassification), net of tax	-	-	-	-	(35,345)	-	-	(35,345)	-	(35,345)
Share of other comprehensive income associates and joint ventures	-	-	-	-	(3,290)	(16,535)	-	(19,825)	-	(19,825)
Defined benefit plan actuarial loss, net of tax	-	-	-	-	-	-	(30)	(30)	-	(30)
Other comprehensive income for the year	-	-	-	-	(38,635)	(6,880)	(30)	(45,545)	-	(45,545)
Total comprehensive income for the year	-	-	-	-	(38,635)	(6,880)	467,375	421,860	46,707	468,567
Dividend paid to equity holder	-	-	-	-	-	-	(497,000)	(497,000)	-	(497,000)
Initial Public Offerings (IPOs) (Note 25)	-	-	-	538,041	-	-	-	538,041	390,029	928,070
Other movement in equity	-	-	-	(21,378)	-	-	21,378	-	-	-
Transfer to statutory reserve (Note 24)	-	-	160,929	(11,402)	-	-	(149,527)	-	-	-
Total transactions with owner	-	-	160,929	505,261	-	-	(625,149)	41,041	390,029	431,070
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(57,234)	(57,234)
At 31 December 2024	3,556,447	194	669,379	372,555	84,990	(12,542)	1,752,268	6,423,291	811,562	7,234,853

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 2024

	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)	-	(5,526)	-	(5,698)	-	(5,698)
Changes in fair value of cash flow hedges, net of tax	-	-	-	-	(49,225)	-	-	(49,225)	-	(49,225)
Share of other comprehensive income associates and joint ventures	-	-	-	-	(13,479)	(673)	-	(14,152)	-	(14,152)
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)	-	-	-	(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 cash flows for the year ended 31 December

	Notes	2024 RO'000	2023 RO'000
Cash flows from Operating activities			
Profit after tax		**514,112**	969,650
Adjustments for:			
(Reversal) / charge of impairment losses – net	*39*	**(228,573)**	6,155
Share of results of equity accounted investees	*36*	**16,339**	(75,822)
Depreciation and amortisation	*6*	**548,123**	688,524
Accrual for end of service benefits	*29*	**8,322**	12,024
(Gain) / loss on disposal of property, plant and equipment		**(15)**	11
Gain on divestment of block 60	*35b*	**-**	(274,658)
Exploration and evaluation assets written off block 42	*7b*	**2,828**	-
Provision for impairment on exploration and evaluation assets of block 52	*7b*	**6,502**	-
Provision for natural gas	*30*	**41,837**	27,822
Unwinding of discount on site restoration and abandonment cost	*30*	**7,273**	7,203
Unwinding of commitment to MEM	*30*	**4,831**	(7,661)
Finance cost	*40*	**329,037**	274,155
Finance income	*40*	**(172,760)**	(99,372)
Unrealized gain / (loss) financial instruments through profit and loss account	*21*	**(8,012)**	14,847
Impairment losses recognised at discontinued operation	*16 a*	**83,256**	-
Income tax		**63,163**	138,039
		1,216,263	1,680,917
Changes in:			
Inventories		**(163,346)**	54,732
Trade and other receivables		**(242,478)**	179,196
Concession receivables		**24,929**	30,423
Lease receivables	14	**11,723**	10,842
Contract assets		**(2,912)**	(1,652)
Trade and other payables		**382,136**	(275,425)
Due from related parties		**82,705**	(162,326)
Due to related parties		**117,058**	109,212
Other movement in other non-current asset		**19,129**	(5,697)
Other movements in non-current liabilities		**(3,602)**	4,415
Cash generated from operating activities		**1,441,605**	1,624,637
Employees' end of service benefits paid	*29*	**(3,130)**	(3,173)
Income tax paid		**(130,548)**	(25,537)
Net cash from operating activities		**1,307,927**	1,595,927
Cashflows from investing activities			
Acquisition of property, plant and equipment	*6*	**(142,778)**	(294,510)
Acquisition of oil and gas exploration and production assets	*7*	**(240,653)**	(238,757)
Payment for intangible assets	*9*	**(3,152)**	(18,168)
Payment for exploration and evaluation assets		**(11,027)**	-
Acquisition of contract assets and concession receivables	*13&15*	**(36,996)**	(76,449)
Proceeds from disposal of property, plant and equipment		**9,213**	20,314
Proceed from divestment of blocks, net of transaction cost	*35b*	**-**	443,951
Additions of investment in equity accounted investees - net	*11 & 12*	**(169,380)**	(333,248)
Proceeds on sales of held-for-sale investment	*16b*	**-**	48,138
Dividend received from equity-accounted investees	*11 & 12*	**99,479**	158,271
Loan given to related parties		**-**	(7,832)
Loan given to external parties	*17 b*	**(41,467)**	-
Proceeds from term deposits	*17*	**5,581,884**	4,046,871
Investment in term deposits	*17*	**(5,822,874)**	(4,173,581)
Long term deposit – restricted cash	*17 b*	**(55,753)**	-
interest income received	*40*	**172,760**	107,033
Net cash used in investing activities		**(660,744)**	(317,967)
Cashflows from financing activities			
Interest paid		**(390,793)**	(345,362)
Dividends paid to non-controlling interests		**(57,234)**	(9,193)
Dividend paid to equity holder		**(497,000)**	(131,038)
Proceeds from loans and borrowings	*45*	**667,266**	588,710
Proceeds from IPOs, net of transaction costs		**928,070**	372,987
Proceeds on settlement of derivative instruments		**72,985**	83,017
Repayment of loans and borrowings	*45*	**(900,370)**	(1,103,857)
Repayment of lease liabilities	*28*	**(57,678)**	(35,052)
Net cash used in financing activities		**(234,754)**	(579,788)
Net change in cash and cash equivalents		**412,429**	698,172
Translation adjustments		**(3,970)**	(28,742)
Cash and cash equivalents at the beginning of the year		**1,654,789**	985,359
Cash and cash equivalents at end of the year	*22*	**2,063,248**	1,654,789

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

1. Legal status and principal activities

OQ SAOC ("the Parent" or "the Parent Company") is a closed joint stock company domiciled in the Sultanate of Oman. The consolidated financial statements as at and for the year ended 31 December 2024 comprise the Parent Company and its subsidiaries (together referred to as "the Group") 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 related to petroleum and other energy industry. 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, Singapore, Germany, United States of America, Cayman Island, Bermuda 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" Shareholder"). The Group is ultimately owned by the Government of Sultanate of Oman.

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

2. Group entities

The Group has the following investments in subsidiaries:

Company name	Notes	Country of incorporation	Effective holding % 2024	Effective holding % 2023
Oman Oil Marketing Company SAOG (OOMCO)	iii	Sultanate of Oman	49%	49%
Oman Tank Terminal Company LLC (OTTCO)		Sultanate of Oman	100%	100%
OQ Salalah Storage Company (SFZ) LLC (formerly Duqm Petroleum Terminal Company LLC (DPTC))		Sultanate of Oman	100%	100%
Oman Oil Services Limited (OOSL)		Bermuda	100%	100%
Oman Oil Holdings Spain SL (OOHS)		Spain	100%	100%
Oman Pearls Company Limited (OPCL)		Cayman Islands	100%	100%
Oman Pearls Company Limited – UK		United Kingdom	100%	100%
Oman Oil Company Limited (OOCL)		Bermuda	100%	100%
Abraj Energy Services SAOG (Abraj)		Sultanate of Oman	51%	51%
OQ Exploration and Production SAOG (OQEP)	ii	Sultanate of Oman	75%	100%
Abu Tubul LLC		Sultanate of Oman	75%	100%
Musandam Gas Plant LLC		Sultanate of Oman	75%	100%
Makarim Gas Development LLC		Sultanate of Oman	75%	100%
Almajd Gas Development LLC		Sultanate of Oman	75%	100%
Almuzn Liquified Natural Gas LLC		Sultanate of Oman	75%	100%
Alziz Gas Development LLC		Sultanate of Oman	75%	100%
Musandam Oil & Gas Company LLC		Sultanate of Oman	75%	100%
OQ Gas Networks SAOG (OQ GN)		Sultanate of Oman	51%	51%
Energy Infrastructure Company LLC ("EIC") (formerly Gas Transmission Company LLC (GTC))		Sultanate of Oman	51%	51%
Oman Energy Trading Company Limited (OETCL)		Bermuda	100%	100%
Oman Oil International Limited (OOIL)		Cayman Islands	100%	100%
OQ Trading LLC (OQT)		United Arab Emirates	100%	100%
Oman Oil Holding Europe B.V (OOHE)		Netherlands	100%	100%
Majan Energy B.V		Netherlands	100%	100%
OQ Chemicals International Holdings GMBH (OQC)		Germany	100%	100%

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

2. Group entities (continued)

Company name	Notes	Country of incorporation	Effective holding % 2024	Effective holding % 2023
OIG OQ Infrastructure GMBH		Germany	100%	100%
Takamul Investment Company LLC (TIC)		Sultanate of Oman	100%	100%
Oman Aluminium Rolling Company LLC (OARC)		Sultanate of Oman	100%	100%
Takamul Holding Company Limited		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%
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 Polymers LLC (formerly, 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 Logistics LLC		Sultanate of Oman	100%	100%
OQ warehousing (FZC) SPC		Sultanate of Oman	100%	100%
OQ Marketing LLP		India	100%	100%
OQ Marketing LLC (Singapore branch)		Singapore	100%	100%
OQ Marketing (Shanghai) Company Ltd		China	100%	100%
OQ Polymer Management Ltd (DIFC)		Oman	100%	100%
OQ Turkey Performance Chemicals Marketing Limited		Turkey	100%	100%
OQ Alternative Energy LLC (OQ AE) (formerly Oman Oil Duqm Development LLC)		Sultanate of Oman	100%	100%
Oman Energy Development Company SPC		Sultanate of Oman	100%	100%
Oman Oil Facilities Development Company LLC(OOFDC)		Sultanate of Oman	100%	100%
OQ LPG (SFZ) SPC		Sultanate of Oman	100%	100%
OQ Base Industries (SFZ) SAOG (OQ BI) (formerly OQ Methanol (SFZ) LLC)	ii	Sultanate of Oman	51%	100%
OQ Salalah Industries SAOC		Sultanate of Oman	100%	100%
Majis Industrial Services SAOC		Sultanate of Oman	100%	100%

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

Name	Participating Interest		Operator	Activity
	2024	2023		
Block 60	60%	60%	OQEP	Exploration and production
Block 48	60%	60%	OQEP	Exploration
Block 9	45%	45%	Occidental	Exploration and production
Block 61	30%	30%	BP	Exploration and production
Block 65	49%	49%	Occidental	Exploration
Block 10	13.36%	20%	Shell	Exploration and production
Block 53	20%	20%	Occidental	Exploration
Block 52	15%	15%	ENI	Exploration
Block 47	10%	10%	ENI	Exploration
Block 11	10%	10%	SDO	Exploration

All interests of less than 100% are Joint Operations.

The Group has a 20% interest (joint operation) 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 2024 (continued)

2. Group entities (continued)

ii. Changes in structure

OQ Exploration and Production SAOG (OQ EP)
During the year, the Group sold 25% of its stake in OQ EP through initial public offerings ("IPO). OQ EP was listed on the Muscat Stock Exchange (MSX) on 28 October 2024, with total issued share capital is RO 80 million, comprising of 8,000 million shares of 10 baiza each. The Group has retained 75% of the outstanding shares and the remaining 25% are publicly floated.

OQ Base Industries (SFZ) SAOG (OQ BI) (formerly OQ Methanol (SFZ) LLC)
During the year, the Group sold 49% of its stake in OQ BI through IPO. OQ BI was listed on the Muscat Stock Exchange (MSX) on 15 December 2024. The total issued share capital is RO 138.379 million, comprising 3,459 million shares with of 40 Baiza each. The Group has retained 51% of the outstanding shares and the remaining 49% are publicly floated.

iii Oman Oil Marketing Company SAOG

OQ SAOC consolidates Oman Oil Marketing Company SAOG ("OOMCO") as a subsidiary in accordance with IFRS 10 – Consolidated Financial Statements, as it has control over OOMCO despite holding 49% of the ordinary shares. Control is determined based on Article 5 of OOMCO's Articles of Association, which grants OQ multi-vote shares carrying two votes per share. As OQ holds 100% of these multi-vote shares, it controls 51.43% of total voting rights, enabling it to direct key decisions and relevant activities of OOMCO. This majority voting power establishes control under IFRS 10, leading to full consolidation of OOMCO in the Group's financial statements.

3. Basis of preparation

3.1 Statement of compliance and basis of measurement

These consolidated financial statements are in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), 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.

3. Basis of preparation (continued)

3.1 Statement of compliance and basis of measurement (continued)

Functional and presentation currency

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 and exchange rate used for conversion is US$ 1 = RO 0.3845 (2023: US$ 1 = RO 0.3851) RO is effectively pegged to US$. 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 2024. 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.

3. Basis of preparation (continued)

3.2 Basis of consolidation (continued)

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.

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3. Basis of preparation (continued)

3.2 Basis of consolidation (continued)

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.

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3. Basis of preparation (continued)

3.2 Basis of consolidation (continued)

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.

Investment in joint operations

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

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3. Basis of preparation (continued)

3.2 Basis of consolidation (continued)

(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:

(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 standards adopted by the Group

The Group adopted all new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2024.

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2024:

New accounting standards or amendments	Effective for annual periods beginning on or after
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
Non-current liabilities with covenants - Amendments to IAS 1	1 January 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	1 January 2024
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024

The above standards and amendments do not have a material impact on the Group financial statements except for the amendment for classification of liabilities as current or non-current have been disclosed in below.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

3. Basis of preparation (continued)

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

The Group has adopted Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1, as issued in 2020 and 2022. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024.

They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current liabilities that are subject to covenants within 12 months after the reporting period. This resulted in a change in the accounting policy for classification of liabilities that can be settled in a Group and Parent Company's own shares (e.g. convertible notes issued by the Group and Parent Company). Previously, the Group ignored all counterparty conversion options when classifying the related liabilities as current or non-current. Under the revised policy, when a liability includes a counterparty conversion option that may be settled by a transfer of entity's shares, the Group takes into account the conversion option in classifying the host liability as current or non-current. This amendment does not result an impact in any existing liabilities.

3.4 Standards issued and but not yet effective

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

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

New accounting standards or amendments	**Effective for annual periods beginning on or after**
Lack of Exchangeability – Amendments to IAS 21	1 January 2025
Classification and Measurement of Financial Instruments (Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures)	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	*1 January 2026*
IFRS 18, Presentation and Disclosure in Financial Statements- IFRS 18 replaces IAS 1, which sets out presentation and base disclosure requirements for financial statements.	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	1 January 2027
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

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3. Basis of preparation (continued)

3.4 Standards issued and but not yet effective (Continued)

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. 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 gas properties and exploration and evaluation (E&E) assets

Cost related to exploration and evaluation of oil and gas reserves are 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 license acquisition costs are capitalised as intangible assets and are presented within E&E assets.

Licence and property acquisition costs (continued)

License costs paid in connection with a right to explore in an existing exploration area are capitalised and are presented within E&E assets. License 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 proved and probable reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties.

Exploration and evaluation costs

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.1 Oil and gas properties and exploration and evaluation (E&E) assets (continued)

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 Oil & Gas properties. Amortisation of the E&E assets commence once the oil field is ready to commence operations.

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 with any excess accounted for by the Group as a gain on disposal.

Farm-outs - other than in the exploration and evaluation

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 farmer, and which is calculated in accordance with IFRS 15
- 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 or delineation wells, is capitalised within oil and gas properties.

4. Material accounting policies (continued)

4.2 Oil and gas properties and other properties, plant, and equipment

Initial recognition

Oil and gas properties 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 is also included within property, plant, and equipment.

When a development project moves into the production stage, the capitalisation of development costs ceases, and 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 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 / amortization

The net book value of oil and gas producing properties is 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 considers 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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.2 Oil and gas properties and other properties, plant, and equipment (continued)

Depreciation / amortization (continued)

Items of property, plant and equipment are measured at cost less accumulated depreciation / amortisation 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 period 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 (Solely Payments of Principal and Interest) SPPI test.

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

	Years
Oil and gas assets	Remaining life cycle
Buildings	5 -50
Furniture and office equipment	2 - 15
Plant, equipment and vehicles	2 -40

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.

4.3 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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.3 Business combinations and goodwill (continued)

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.

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.

4. Material accounting policies (continued)

4.3 Business combinations and goodwill (continued)

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 carrying value in the books of transferor 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.

4.4 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.

4. Material accounting policies (continued)

4.5 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.

4.6 Employees' end-of-service benefits

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 - 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.

4. Material accounting policies (continued)

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

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.

4.7 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.

4.8 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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.8 Leases (continued)

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.
- 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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.8 Leases (continued)

Group as a lessee (continued)

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.

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.8 Leases (continued)

Group as a lessor (continued)

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

4.9 Concession arrangement

The Group has applied IFRIC 12 in relation to the Concession Agreement with the Government of Sultanate of Oman.

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.

IFRIC 12 applies to public service concession contracts in which the grantor of the concession controls/ regulates:

- the services to be rendered by the operator (through utilization of the infrastructure), to whom and at what price; and
- any residual interest over the infrastructure at the end of the contract.

The Group's concession agreement is covered by IFRIC 12 for the following reasons:

i. the Group has a service concession agreement signed with Government of Oman for a 50-year period;
ii. the Group renders transport services through utilization of NGTN
iii. the grantor controls the services rendered and the conditions under which they are rendered, through the regulator APSR; and
iv. the assets used to render the services revert to the conceding entity at the end of the concession period.

IFRIC 12 defines the following models to account for the concession agreement:

i. Financial asset model – when the operator has the unconditional contractual right to receive cash or other financial asset from the grantor;
ii. Intangible asset model – when the operator receives from the conceding entity the right to collect a tariff based on use of the structure;
iii. Bifurcated/ mixed model –when the concession includes simultaneously commitments of guaranteed remuneration by the grantor and commitments of remuneration dependent on the level of utilization of the concession infrastructures.

Management decided that the most suitable model for its concession agreement is the financial asset model as the Group has unconditional right to receive the cash for the construction services and there is no demand risk. The Group receives return on assets based on a pre-determined amount and an allowance for depreciation of the assets which is not dependent on the utilization of the assets.

4. Material accounting policies (continued)

4.9 Concession arrangement (continued)

In accordance with the requirements of the IFRIC 12, the Group recognised the assets recorded under the old arrangement as property, plant and equipment, as financial asset. The financial asset is increased by the various projects relating to the concession being recorded based on construction revenue, acquisition of infrastructure assets, finance income recognised using the effective interest rate method on the financial asset, and decreased by the payments received from the grantor. The financial asset is accounted for in line with the accounting policies stated below relating to the financial assets.

Contract asset
A contract asset is initially recognised for revenue earned from construction services. Upon completion of construction, the amount recognised as contract assets is reclassified to concession receivables.

Contract liability
A contract liability is recognised if the payments received or payments due (whichever is earlier) from the grantor exceed the revenue which the Company is entitled to under RAB revenue rules re-calculated based on the actual cost drivers.

Income on concession assets
Income on concession receivable and contract assets is recognized using the effective interest method. This income is only notional income and does not represent actual interest income received by the Company.

If the arrangement had not fallen under IFRIC 12, the Company would have recorded property, plant and equipment and revenue calculated under the RAB revenue 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.

4.10 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, derivatives and other financial assets.

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.10 Financial Instruments (continued)

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 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.

4. Material accounting policies (continued)

4.10 Financial Instruments (continued)

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

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.10 Financial Instruments (continued)

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.

Financial assets at FVOCI
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.

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.10 Financial Instruments (continued)

Measurement (continued)

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 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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.10 Financial Instruments (continued)

Impairment (continued)

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.

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.10 Financial Instruments (continued)

Derivative financial instruments and hedging activities (continued)

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.

In addition to the above, the Group enters into transactions to manage its exposure to changes in commodity prices (without actual receipt or delivery of non-financial items), into forward exchange contracts to manage its exposure to changes in foreign exchange rates and interest rate swaps to manage its exposure to changes in interest rates.

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 expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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:

– 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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.10 Financial Instruments (continued)

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.

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 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.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.10 Financial Instruments (continued)

Hedge accounting (continued)

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.

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.11 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, 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.

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.12 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.

4.13 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. 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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.13 Fair values (continued)

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 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.

4.14 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

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.14 Revenue recognition (continued)

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.

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.14 Revenue recognition (continued)

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.
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(point in time). 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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.14 Revenue recognition (continued)

Type of product / service	Nature and timing of satisfaction of performance obligations	Revenue recognition policies
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.
Service revenue – Construction related revenue	Revenue from construction of the Infrastructure is recognized over time on a surveys of performance completed to date to determine 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.	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. The performance obligations arising from contracts with the Group's customers are almost always satisfied over the period.
Service revenue – Oil field services	Invoices for services revenue are issued on a monthly basis or earlier in case work is done before 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 both input or output method depending on the nature of services. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.14 Revenue recognition (continued)

Type of product / service	Nature and timing of satisfaction of performance obligations	Revenue recognition policies
Others	Major other revenues consist of services such as Processing and service fee, 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.

4.15 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.

4.16 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.

4.17 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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.17 Income tax (continued)

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.

4.18 Directors' remuneration

The board of directors' remuneration is accrued within the limits and the requirements of the Commercial Companies Law 2019 of the Sultanate of Oman.

4.19 Dividend on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the 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.

4.20 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").

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.21 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.

4.22Earnings 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.

4.23 Assets held for sale

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

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

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

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4. Material accounting policies (continued)

4.24 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.

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(ii).

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,

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

Concession arrangement (continued)

(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.

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.

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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

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

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

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

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.

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.

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

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.

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.

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.

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (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 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
At 1 January 2024	**408**	**588,051**	**88,214**	**7,431,794**	**32,715**	**8,932**	**214,329**	**8,364,443**
Additions	**-**	**19,559**	**1,109**	**2,828**	**-**	**51**	**116,627**	**140,174**
Reclassification of PPE items (v)	**-**	**12,347**	**2,297**	**(14,644)**	**-**	**-**	**-**	**-**
Reclassification to assets held for sale (note 16a)	**-**	**(92,022)**	**(9,237)**	**(561,927)**	**-**	**-**	**(67,211)**	**(730,397)**
Transfers	**-**	**7,637**	**3,733**	**87,164**	**-**	**-**	**(98,534)**	**-**
Disposals	**-**	**(185)**	**(511)**	**(22,614)**	**-**	**-**	**-**	**(23,310)**
Change in site restoration provision	**-**	**-**	**-**	**-**	**446**	**-**	**-**	**446**
At 31 December 2024	**408**	**535,387**	**85,605**	**6,922,601**	**33,161**	**8,983**	**165,211**	**7,751,356**

Notes to the consolidated financial statements for the year ended 31 December 2024 (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 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
Reversal of impairment loss - net (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
At 1 January 2024	**-**	**175,957**	**57,197**	**3,783,478**	**4,054**	**7,054**	**32,088**	**4,059,828**
Charge for the year	**-**	**18,689**	**4,830**	**202,588**	**797**	**258**	**-**	**227,162**
Reversal of impairment loss - net (i)	**-**	**-**	**-**	**(238,369)**	**-**	**-**	**-**	**(238,369)**
Reclassification to assets held for sale (note 16a)	**-**	**(24,354)**	**(6,688)**	**(274,654)**	**-**	**-**	**-**	**(305,696)**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Disposals	**-**	**(107)**	**(479)**	**(13,526)**	**-**	**-**	**-**	**(14,112)**
At 31 December 2024	**-**	**170,185**	**54,860**	**3,459,517**	**4,851**	**7,312**	**32,088**	**3,728,813**
Net Book Value								
31 December 2024	**408**	**365,202**	**30,745**	**3,463,084**	**28,310**	**1,671**	**133,123**	**4,022,543**
31 December 2023	408	412,094	31,017	3,648,316	28,661	1,878	182,241	4,304,615

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

6. Property, plant and equipment (continue)

(i) Impairment (reversal) / charge

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

	2024	2023
	RO'000	RO'000
OTTCO (a) - Plant, equipment, and vehicles	**28,075**	-
Abraj (b) - Plant, equipment, and vehicles	**2,706**	(757)
OOMCO (c)	**-**	521
OQ RPI (d) - Plant, equipment, and vehicles	**(269,150)**	-
Net impairment reversal for the year	**(238,369)**	(236)

The impairment loss and subsequent reversal in relation to the Property, plant and equipment were included in ' Impairment losses – charged / released -net ' (see Note 39).

Impairment of asset in OTTCO

During the year 2024, OTTCO, which operates in the downstream business segment, conducted an impairment test on its cash-generating units (CGUs) and individual assets due to the unavailability of additional new customers. The tanking terminal facility was originally built with a higher capacity other than required by OQ8, but management was unable to secure new customers, triggering an impairment assessment.

The recoverable amount of the impaired assets was determined using the value-in-use (VIU) method and amounted to RO 157.0 million. VIU was calculated by discounting future cash flows at a pre-tax WACC rate of 9.5%. Cash flow projections were prepared for a period of five years and extrapolated over the remaining useful life of the asset using a growth rate range between 1 - 3% based on the current contracts in place.

The impairment test covered all CGU assets at OTTCO level, resulting in an impairment loss of RO 28 million, which was recognized in profit or loss.

A sensitivity analysis was conducted to assess the impact of changes in key assumptions. The analysis indicated that a 1% increase in the discount rate would result in an additional impairment loss of RO 14.7 million.

Management selected the VIU model over fair value less costs of disposal due to the lack of observable market transactions and the difficulty in estimating disposal costs.

Impairment of asset in Abraj

During the year 2024, Abraj, which operates in the upstream segment, conducted an impairment test on all its CGUs due to technological obsolescence affecting certain rigs and related equipment.

The recoverable amount was determined using the VIU method and amounted to RO 282.0 Mn million. VIU was estimated by discounting future cash flows at a pre-tax discount rate of 11.2%. Cash flow projections were prepared for a period of five years and extrapolated beyond five years to the extent of useful life, incorporating a year-on-year revenue forecast and an inflation rate of 1% to 3% on operating and manpower costs.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

6. Property, plant and equipment (continue)

(i) Impairment (reversal) / charge

Impairment of asset in Abraj (continued)

The impairment test covered rigs. As a result, an impairment loss of RO 2.8 million was recognized in profit or loss.

A sensitivity analysis was conducted to assess the impact of changes in key assumptions. The results indicate that a 1% increase in the discount rate would result in an additional impairment loss of RO 157 thousand, while a 1% decrease in the discount rate would reduce the impairment by RO 162 thousand.

Management selected the VIU model due to lack of observable market transactions.

Impairment of asset in OOMCO

Provision for impairment in 2023 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. No impairment has been recorded in 2024.

Impairment assessment of OQ RPI

During the year 2024, OQ Group conducted an impairment test for OQ Refineries, OQ Aromatics (One CGU) due to instability in commodity and product pricing, and OQ Polymers LLC (formerly known as OQ Plastics) due to revision of feed stock price which resulted in reduction cost of sales.

Valuation Technique
The value-in-use (VIU) method was used to determine the recoverable amounts of the CGUs, based on the discounted cash flow model. Key factors considered included production rate, demand, plant capacity, and shutdown periods.

The Group monitors climate-related legislation, but no current regulations impact impairment assumptions. Adjustments will be made in future if necessary.

CGU Assessment
The CGU assessment conducted as of 31 December 2024 resulted in no changes to the CGU structure.

Projection Period & Discount Rate
Cash flows were discounted at a pre – tax discount rate 10.79 %/ post-tax discount rate 9.4% (2023: 8.41%) for Refineries & Aromatics CGU and pre- tax discount rate 8.81% / post tax 8.4% (2023: 8.41%) for Polymers CGU. Projections were based on the approved five-year business plan (2025-2029), with extrapolation using a 1.90% inflation rate.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

6. Property, plant and equipment (continue)

(i) Impairment (reversal) / charge

Impairment assessment of OQ RPI (continued)

Recoverable Amount & Impairment Impact
OQ Refineries & Aromatics CGU: Based on the impairment assessment, no impairment identified where recoverable amount higher than carrying amount.
OQ Polymers CGU: The recoverable amount (RO 1,572 million / USD 4,029 million) exceeded the carrying value (RO 1,257 million / USD 3,268 million), leading to an impairment reversal of RO 269 million (USD 700 million), recorded in profit or loss.

Sensitivity Analysis - OQ Polymers CGU
The recoverable amount would match the carrying value if:

- Discount rate increases to 11.2% (2023: 9.44%).
- Gross margin decreases by 9.77% (2023: 3.9%).
- EBITDA decreases by 16.46% (2023: 6.29%).

OQ Base industries SAOG Group

The Group conducted an impairment assessment in accordance with IAS 36 at the cash-generating unit (CGU) level. Potential impairment triggers were identified for OQ BI and OQ LPG due to instability in commodity pricing.

For the impairment analysis, the Group applied the discounted cash flow method to determine the value in use (VIU) of the CGUs. The model considered the present value of expected net cash flows, incorporating factors such as production rates, demand, plant capacity, and shutdown periods.

As of 31 December 2024, management determined that the recoverable amount exceeded their respective carrying values. Therefore, no impairment loss was recognized for the reporting period.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

6. Property, plant and equipment (continued)

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

	2024 RO'000	2023 RO'000
OQ Refineries and Petroleum Industries LLC	**78,597**	48,125
OQ SAOC – Parent	**21,154**	15,482
Oman Oil Facilities Development Company LLC	**3,863**	6,998
OQ Base Industries (SFZ) SAOG (OQ Bi) (formerly OQ Methanol (SFZ) LLC)	**12,895**	25,515
Abraj Energy Services SAOG	**4,924**	3,023
Oman Tank Terminal Company LLC	**38**	-
OO Holding Europe BV	**-**	67,780
OQ Exploration and Production SAOG	**-**	7,417
Oman Oil Marketing Company SAOG	**3,240**	3,928
Takamul Investment Company LLC	**1,757**	1,013
OQ Salalah Storage Company (SFZ) LLC (formerly Duqm Petroleum Terminal Company LLC (DPTC))	**2,295**	-
Majis Industrial Services SAOC	**4,360**	2,960
	133,123	182,241

(ii) At 31 December 2024, property, plant and equipment with a carrying amount of RO 3,970.0 million (2023: RO 4,230.7 million) were mortgaged as security for bank borrowings (refer Note 27).

(iii) During the year, the Group has recognized capitalized borrowing cost of RO 0.15 million in the cost of the capital-work-in-progress of qualifying assets (2023: RO 7.6 million).

(iv) During the year, certain assets have been reclassified within Property, Plant and Equipment.

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

	2024 RO'000	2023 RO'000
Property, plant and equipment	**227,162**	261,283
Intangible assets (Note 9)	**4,284**	18,352
Oil and gas producing assets (Note 7)	**265,076**	325,408
Right-of-use assets (Note 8)	**51,601**	74,660
	548,123	679,703
Analyzed as follows:		
Cost of sales (Note 34)	**528,916**	565,797
Administrative expenses (Note 38)	**18,626**	64,162
Capitalized in the cost of capital work in progress	**581**	49,744
	548,123	679,703

Notes to the consolidated financial statements for the year ended 31 December 2024 (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) RO'000	Dunga oil field (ii) RO'000	Total RO'000
Cost			
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
Balance at 1 January 2024	**3,379,602**	**114,183**	**3,493,785**
Additions	234,365	6,288	240,653
Reversal of Al Muzn assets (i)	(36,782)	-	(36,782)
Change in decommissioning provision	(189)	-	(189)
Currency Translation Adjustment	3,153	1,241	4,394
Balance at 31 December 2024	**3,580,149**	**121,712**	**3,701,861**
Accumulated depreciation and impairment			
Balance at 1 January 2023	2,473,052	80,186	2,553,238
Charge for the year	319,797	5,609	325,406
Divestment of Block 60 (Note 35b)	(341,159)	-	(341,159)
Balance at 31 December 2023	2,451,690	85,797	2,537,485
Balance at 1 January 2024	**2,451,690**	**85,797**	**2,537,487**
Charge for the year	262,830	2,246	265,076
Reversal of Almuzn assets	2,488	-	2,488
Currency Translation Adjustment	(3,031)	-	(3,031)
Balance at 31 December 2024	**2,713,977**	**88,043**	**2,802,020**
Net book value			
At 31 December 2024	**866,172**	**33,669**	**899,841**
At 31 December 2023	927,912	28,388	956,300

(i) The reversal pertains to the Almuzn assets due to change in accounting treatment from joint operations to joint venture.

(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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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

(iii) Impairment

During the year, the Group has conducted an impairment analysis for OQ EP Blocks showing indicators of impairment, such as changes in reserves, commodity prices, development plans, and regulatory changes. The valuation was based on discounted cash flows (DCF) using the Value in Use (VIU) approach, ensuring it exceeded the carrying value of the assets. Cash flows were discounted by applying a post-tax discount rate over the useful life of each Block.

The followings parameters used for impairment testing:

- Reserves: Reserves were based on approved development plans and reasonable external assumptions, verified by independent third-party experts every three years. The 2024 reserves base came from a specialist's report.
- Inflation Rates: Inflation rates, derived from published indices, were set at 2% and is based on USD inflation rate (2023: 2%).
- Commodity Prices: Future oil prices were estimated using Brent Crude forward curves and applicable inflation rates. Quality differentials were applied to estimate Mukhaizna realized oil prices.
- Discount Rate: The cash flows were discounted using a post-tax discount rate of 8.6% (2023: 7.8%).

The Group has conducted an impairment analysis on relevant assets and recognized no impairment losses during the year (2023: nil).

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

	Exploration assets – OQEP(i) RO'000
As at 1 January 2023	12,947
Additions	1,179
Divestment of Block 48 (Note 35b)	(7,451)
As at 31 December 2023	**6,675**
Additions	11,027
Asset written off block 42 (Note 7)	(2,828)
Provision for impairment against Block 52 assets	(6,502)
Translations adjustments	(10)
As at 31 December 2024	**8,362**

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

Notes to the consolidated financial statements for the year ended 31 December 2024 (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	Vehicles RO'000	Total RO'000
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)	113	3	41
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	63,853	5,702	215,181
Balance as at 1 January 2024	**145,626**	**63,852**	**5,702**	**215,181**
Additions	**33,787**	**26,977**	**3,432**	**64,196**
Exchange difference	**31**	**(55)**	**-**	**(24)**
Modification	**(2,659)**	**2,155**	**(8)**	**(512)**
Depreciation expense	**(21,486)**	**(27,603)**	**(2,512)**	**(51,601)**
Reclassification to assets held for sale (Note 16a)	**(2,817)**	**(8,941)**	**(200)**	**(11,958)**
Termination	**(1,734)**	**-**	**(2,333)**	**(4,067)**
Balance as at 31 December 2024	**150,748**	**56,386**	**4,081**	**211,215**

Amount recognised in consolidated statement of profit and loss account:

	2024 RO'000	2023 RO'000
Depreciation on right-of-use assets	**(51,601)**	(74,660)
Interest on lease liabilities (note 40)	**(13,171)**	(10,417)
Variable lease payments not included in the measurement of lease liabilities	**(1,636)**	(3,490)
Income from sub-leasing right-of-use assets	**-**	15
Expenses relating to short-term leases (Cost of sales)	**(180,727)**	(164,934)
Expenses relating to low-value assets, excl. short-term leases of low-value assets	**-**	(102)
Gain on retirement of right-of-use assets	**449**	19
Amounts recognized in statement of cash flows		
Total cash outflow for leases	**(235,622)**	(197,174)

Notes to the consolidated financial statements for the year ended 31 December 2024 (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 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 1 January 2024	**21,019**	**1,510**	**241,505**	**264,034**
Additions	**3,152**	**-**	**-**	**3,152**
Reclassification to assets held for sale (Note 16a)	**(5,755)**	**-**	**(222,422)**	**(228,177)**
Reclassification to ERP and software (ii)	**19,083**	**-**	**(19,083)**	**-**
At 31 December 2024	**37,499**	**1,510**	**-**	**39,009**
Accumulated amortization and impairment				
At 1 January 2023	18,546	1,230	179,273	199,049
Charge for the year	1,147	-	17,205	18,352
Disposal	(1,329)	-	-	(1,329)
Translation differences	188	-	6,810	6,998
At 1 January 2024	**18,552**	**1,230**	**203,288**	**223,070**
Charge for the year	**4,284**	**-**	**-**	**4,284**
Reclassification to assets held for sale (Note 16a)	**(5,045)**	**-**	**(193,359)**	**(198,404)**
Reclassification to ERP and software (ii)	**9,929**	**-**	**(9,929)**	**-**
At 31 December 2024	**27,720**	**1,230**	**-**	**28,950**
Net book value				
At 31 December 2024	**9,779**	**280**	**-**	**10,059**
At 31 December 2023	2,467	280	38,217	40,964

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

(ii) During the year, certain assets have been reclassified within intangible assets to "ERP and Software".

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

(iv) 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 is now classified as held for sale (Note 16a).

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

10. Goodwill

Cost	OQ Chemicals RO'000 (i)	OOMCO RO'000 (ii)	Total RO'000
At 1 January 2023	247,043	3,683	250,726
Translation differences	(6,221)	-	(6,221)
At 31 December 2023	**240,822**	**3,683**	**244,505**
Reclassification to assets held for sale	**(240,822)**	**-**	**(240,822)**
At 31 December 2024	**-**	**3,683**	**3,683**
Impairment and translation differences			
At 1 January 2023	238,845	-	238,845
Translation differences	(6,543)	-	(6,543)
At 31 December 2023	**232,302**	**-**	**232,302**
Reclassification to assets held for sale	**(232,302)**	**-**	**(232,302)**
At 31 December 2024	**-**	**-**	**-**
Net book value			
At 31 December 2024	**-**	**3,683**	**3,683**
At 31 December 2023	8,520	3,683	12,203

(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.

(ii) OOMCO

As required by IAS 36 Impairment of Assets, the Group performs an annual impairment test on goodwill. During the current year, the Group conducted a impairment assessment of OOMCO which is a listed entity, to determine whether any impairment of goodwill was necessary.

Based on this assessment, the recoverable amount of OOMCO exceeds its carrying value, and accordingly, no impairment of goodwill has been recognized in the consolidated financial statements.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

11. Investment in associates

The Group has the following investments in associates:

Company name	Country of incorporation	Principal activities	Notes	Holding		Carrying value	
				2024 %	2023 %	**2024 RO'000**	2023 RO'000
GSEPS Company Limited (GSEPS)	Korea	Power generation	i.	**30**	30	**107,360**	126,602
Advario Terminal Co LLC (formerly know as "Oiltanking Odjfell Terminals & Co. LLC")	Oman	Tank terminal management and storage facilities	ii.	**25**	25	**9,471**	14,271
Orient Power (Pvt) Ltd (OPC)	Pakistan	Power generation	iii	**42.8**	42.8	**11,351**	10,068
Germany Pipeline Development Company GmbH	Germany	Pipeline development	iv.	**-**	30	**-**	2,309
Haas Petroleum Group	East Africa	Trading in petroleum products		**40**	40	**18,767**	16,484
Muscat Gases Company SAOG	Oman	Industrial and cooking gases	v.	**41.84**	41.84	**2,190**	2,061
Amin Renewable Energy Company SAOC	Oman	Operating of solar power plant		**30**	30	**2,513**	2,560
Musandum Power Company SAOG	Oman	Power generation		**42**	42	**5,096**	4,916
Air Liquide Sohar Industrial Gases LLC	Oman	Production and sale of industrial gases		**29.90**	29.90	**3,470**	3,181
Naseem Bahr Al Arab LLC	Oman	Alternative energy	vi.	**42**	42	**-**	-
Green Energy Oman LLC (GEO)	Oman	Power generation	vii.	**25**	-	**913**	-
Hyport Coordination Company LLC	Oman	Power generation	viii.	**25.5**	-	**520**	-
						161,651	182,452

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

11. Investment in associates (continued)

31-Dec-24 **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	**450,366**	**155,027**	**154,166**	**108,013**	**343,214**	**429,389**	**50,693**	**5,713**	**56,406**	**16,922**	**21,021**
Advario	**114,323**	**5,510**	**73,963**	**7,988**	**37,883**	**26,538**	**8,609**	**(311)**	**8,298**	**2,074**	**3,000**
OPC	**11,079**	**23,772**	**-**	**8,331**	**26,520**	**11,944**	**2,612**	**3,683**	**6,295**	**2,694**	**1,526**
Haas	**48,879**	**58,306**	**13,649**	**54,310**	**39,226**	**313,801**	**4,416**	**1,355**	**5,771**	**2,309**	**-**
Other	**80,843**	**53,361**	**75,990**	**15,169**	**43,045**	**40,246**	**(15,445)**	**-**	**(15,445)**	**819**	**1,171**
	705,490	**295,976**	**317,768**	**193,811**	**489,888**	**821,918**	**50,885**	**10,441**	**61,325**	**24,818**	**26,718**

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	96	102,999	30,899	27,260
Advario	115,599	6,248	59,783	4,979	57,086	26,471	8,685	(305)	8,380	2,095	1,750
OPC	11,857	25,460	-	13,794	23,523	30,939	1,661	(40)	1,621	694	578
Haas	44,257	57,447	14,665	54,728	33,518	354,190	(446)	(1,196)	(1,642)	(657)	-
Other	122,456	15,313	79,733	13,170	44,866	46,823	2,027	1,260	3,287	1,245	1,286
	811,567	364,142	350,282	260,288	566,347	1,050,910	114,830	(185)	114,645	34,276	30,874

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

11. Investment in associates (continued)

	RO'000 GS EPS	RO'000 Advario	RO'000 OPC	RO'000 Haas Petroleum Group
31 December 2024				
Equity attributable to shareholders	**343,214**	**37,883**	**26,520**	**39,226**
Equity at Group's ownership	**30%**	**25%**	**42.8%**	**40%**
Equity at Group's ownership	**102,964**	**9,471**	**11,351**	**15,690**
Impairment (ix)s	**-**	**-**	**-**	**(3,851)**
Goodwill on acquisition	**4,396**	**-**	**-**	**-**
Valuation differences on acquisition	-	-	-	**6,928**
	107,360	**9,471**	**11,351**	**18,767**
31 December 2023				
Equity attributable to 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

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

	2024 **RO'000**	2023 RO'000
At 1 January	**182,452**	234,763
Investment during the year	**6,105**	51
Reclassification to disposal group	**(2,309)**	(49,382)
Share of profit (Note 36)	**21,063**	33,206
Share of other comprehensive income of associates/(loss)	**3,755**	(761)
Dividends received	**(26,718)**	(30,875)
Disposal of investment during the year	**(4,610)**	-
Loss on investments transferred from joint venture (viii)	**(3,033)**	-
Foreign currency translation	**(15,054)**	(672)
Provision for impairment on associates (x)	**-**	(3,878)
At 31 December	**161,651**	182,452

Notes to the consolidated financial statements for the year ended 31 December 2024 (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 2024, OQ Group have reduced its investment in Advario Terminal Co LLC due to the shares buy back by Advario Terminal Co LLC during the year.

(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) The investment in associate in 'Germany Pipeline Development Company GmbH' by OQ Chemicals has been reclassified to an asset held for sale, along with other related assets of OQ Chemicals, as disclosed in Note 16a.

(v) Takamul Investment Company LLC (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 of the Parent Company, 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 and removed it from the IFRS 5-‘Non-current Assets Held for Sale’.

(vi) 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 liability to the extent of holding interest.

(vii) During the year 2024, OQ Alternative Energy LLC; a wholly owned subsidiary of OQ SAOC, purchased 25% of Green Energy Oman LLC (GEO), a wind and solar power generation company.

(viii) During the year 2024, OQ Alternative Energy LLC; a wholly owned subsidiary of OQ SAOC, disposed of 25% of its interest in 'Hyport Coordination Company LLC,' a joint venture, which was reclassified as an associate following the disposal.

(ix) 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 Nil million for the year (2023: RO 3.8 million).

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

12. Interest in joint ventures

Company name*	Principal activities	Notes	Holding 2024	Holding 2023	Carrying value 2024	Carrying value 2023
			%	%	**RO'000**	RO'000
Oman India Fertilizer Company SAOC (OMIFCO)	Manufacturing of fertilizer products		**50**	50	**98,744**	99,878
Sohar Aluminum Company LLC (SAC)	Aluminum smelting		**40**	40	**87,918**	88,052
Duqm Refinery and Petrochemical Industries Company LLC (OQ8)	Processing of crude oil	*i*	**50**	50	**544,148**	502,079
Centralised Utilities Company LLC (CUC)	Water and power	*ii*	**51**	51	**18,355**	13,871
Hyport Coordination Company LLC (HCC)	Alternative energy plants	*iii*	**-**	50	**-**	1,290
Oman Sustainable Water Services SAOC (OSWS)	O&M Services	*iv*	**51**	51	**685**	676
Marsa Liquefied Natural Gas LLC (MLNG)	Processing of LNG	*v*	**20**	-	**10,647**	-
Electric Vehicle One LLC (EVO)	Initiate and operate electric vehicle charging station		**50**	-	**244**	-
Riyah Amin Energy LLC	Wind power generation		**51**	-	**77**	-
Shams Saih Nihayda Energy LLC	Solar power generation		**51**	-	**77**	-
Riyah Nimr Energy LLC	Wind power generation		**51**	-	**77**	-
Al Batinah International School (ABIS)	Educational Institute		**50**	50	**-**	-
					760,972	705,846

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

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

12. Interest in joint ventures (continued)

Summarised financial information of Joint Ventures:

31 December 2024	OMIFCO RO'000	SAC RO'000	OQ8 RO'000	Other individually not material RO'000
Non-current assets	137,059	363,939	2,566,558	516,860
Current assets	135,653	165,640	486,108	57,167
Non-current liabilities	22,296	229,172	1,514,778	439,894
Current liabilities	52,927	80,613	449,591	45,485
Net asset	**197,489**	**219,794**	**1,088,297**	**88,648**
Revenue	254,990	385,500	2,615,884	133,324
Profit / (loss) for the year	95,611	59,604	(231,536)	27,841
Other comprehensive income / (loss)	(580)	-	(15,127)	1,585
Total comprehensive income	**95,031**	**59,604**	**(246,663)**	**29,426**
Cash and cash equivalents	38,662	23,491	124,134	19,889
Current financial liabilities (excluding trade and other payables and provisions)	19,145	19,415	351,349	2,922
Non-current financial liabilities (excluding trade and other payables and provisions)	22,297	188,070	1,485,850	175,220
Depreciation and amortization	(14,063)	(49,720)	(87,821)	(5,453)
Interest income	3,837	2,531	4,123	8,601
Interest expense	(503)	(21,723)	(58,849)	(18,349)
Total income tax income/expense	(16,897)	(10,533)	-	-
Group's share of results	**47,516**	**23,842**	**(123,332)**	**7,527**
Dividend received	**48,586**	**23,839**	**-**	**336**

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

12. Interest in joint ventures (continued)

Summarised financial information of Joint Ventures (continued):

31 December 2023	OMIFCO RO'000	SAC RO'000	OQ8 RO'000	Other individually not material RO'000
Non-current assets	132,829	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 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 2024 (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 2024			
Equity attributable to shareholders	**197,489**	**219,794**	**1,088,297**
Group's ownership percentage	**50%**	**40%**	**50%**
Equity at Group's ownership	**98,745**	**87,918**	**544,149**
31 December 2023			
Equity attributable to 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

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

	2024 RO'000	2023 RO'000
At 1 January	**705,846**	470,115
Investments during the year	**170,194**	333,248
Dividends received	**(72,761)**	(127,396)
Share of profit (Note 36)	**(37,402)**	42,616
Share of changes in other comprehensive loss, net of tax	**(7,045)**	(12,718)
Foreign currency translation	**(1,481)**	(19)
Transferred to other liabilities	**588**	-
Investments transferred to investment in associate	**3,033**	-
At 31 December	**760,972**	705,846

(i) The Parent Company holds 50% stake in OQ8, Duqm Refinery and Petrochemical Industries Company LLC. During the year ended 31 December 2024, the Parent has increased its investment in OQ8 by granting a subordinated loan of RO 167 million (2023: RO 331 million). The loan is repayable at the discretion of OQ 8.

(ii) OQ SAOC has provided finance support letter to meets its day to day operation for Centralised Utilities Company.

(iii) 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.

(iv) Oman Sustainable Water Services SAOC (OSWS) is a joint venture of Majis Industrial Services SAOC, a wholly owned subsidiary of OQ SAOC and FCC Aqualia. OSWS has paid dividend of RO 335 thousand during the year (2023: RO 278 thousand).

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

12. Interest in joint ventures (continued)

(v) Marsa Liquefied Natural Gas LLC ("Marsa") is joint venture in which OQ EP, subsidiary of the OQ SAOC has joint control and a 20 percent ownership interest. Till last year, the OQ EP has accounted the investment as Joint operation. However, effective from 1st January 2024, the Marsa is structed as a separate vehicle and the OQ EP has residual interest in the net assets of Marsa. Accordingly, the OQ EP has classified its interest in Marsa as a joint venture.

13. Concession receivables

	2024	2023
	RO'000	RO'000
At 1 January	**801,751**	815,071
Acquisition during the year	**-**	16,828
Transferred from contract assets (Note 15)	**163,312**	4,174
Transferred to / (from) investment property	**892**	(3,900)
Finance income during the year	**62,079**	57,871
Adjustment of penalties	**-**	(1,448)
Billed during the year	**(87,900)**	(86,845)
At 31 December	**940,134**	801,751
Current / non-current		
Non-current portion	**909,265**	772,022
Current portion	**30,869**	29,729
	940,134	801,751

Concession receivables have effective interest rate of 7.42% (2023: 7.43%) per annum and will be settled / recovered over the term of the Concession Agreement.

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.

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.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

14. Lease receivables

The lease payments are being made to the Group under the Supplementary Tariff Agreement (STA) which became effective from 1 January 2017, to cover the cost of infrastructure development and the annual operating cost of the Musandam Gas Plant and comprise of monthly payments over a period of 20 years.

	2024 RO'000	2023 RO'000
Lease income		
Finance income on the net investment in lease	**21,509**	22,527

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

	2024	2023
Net investment in lease		
Opening	**229,781**	240,623
Receipts	**(11,626)**	(10,842)
Foreign currency translation adjustment	**(357)**	-
Reclassified to asset held for sale (Note 16a)	**(258)**	-
Closing	**217,540**	229,781
Presented as		
Current asset	**12,682**	5,989
Non-current asset	**204,858**	223,792
	217,540	**229,781**
Finance lease receivable		
2024	-	33,188
2025	**33,136**	33,188
2026	**33,136**	33,188
2027	**33,136**	33,188
2028	**33,136**	33,188
2029	**33,136**	33,188
Remaining	**201,201**	201,089
	366,881	400,217
Less: unearned finance income	**(149,341)**	(170,436)
Present value of minimum lease payment receivable	**217,540**	229,781

The credit risk associated with this receivable has not increased significantly, given that the Government of Oman has maintained a stable BB+ credit rating and has shown historical growth. The balances of lease receivables are not past due and hence have not been considered as credit impaired. The expected credit loss on these receivables is assessed based on a 12-month expected loss model and the impact is not material.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

15. Contract assets

	RO'000	**RO'000**	**RO'000**	RO'000	RO'000	RO'000
	Due from MEM	**Others**	**Total**	Due from MEM	Others	Total
At 1 January	**240,291**	**900**	**241,191**	182,290	1,802	184,092
Transferred to concession receivables (Note 13)	**(163,312)**	-	**(163,312)**	(4,174)	-	(4,174)
Additions during the year	**36,996**	-	**36,996**	59,621	-	59,621
Finance income during the year	**12,588**	-	**12,588**	14,860	-	14,860
Invoiced and transferred to related party	**-**	-	**-**	1,136	(902)	234
Adjustment	**2,184**	-	**2,184**	-	-	-
Received during the year	**(11,860)**	-	**(11,860)**	(13,442)	-	(13,442)
At 31 December	**116,887**	**900**	**117,787**	240,291	900	241,191

(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 by S&P.

(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 (2023: Nil).

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

16a. Held for Sale

	OQ Chemicals		UTICO		Muscat Gas		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RO'000	RO'000	**RO'000**	RO'000	**RO'000**	RO'000	**RO'000**	RO'000
Assets held for sale								
Fair value (i)	-	-	**49,380**	49,380	**-**	-	**49,380**	49,380
Book value	-	-	**-**	-	**-**	317	**-**	317
Property, plant and equipment	**424,701**	-	**-**	-	-	-	**424,701**	-
Inventories	**110,203**	-	**-**	-	-	-	**110,203**	-
Trade and other receivables	**73,021**	-	**-**	-	-	-	**73,021**	-
Cash and cash equivalents	**45,039**	-	**-**	-	-	-	**45,039**	-
Others	**47,023**	-	**-**	-	-	-	**47,023**	-
Total - Gross	**699,987**	-	**49,380**	49,380	**-**	317	**749,367**	49,697
Less: Impairment	**(83,256)**	-	-	-	-	-	**(83,256)**	-
Net – Assets held for sale	**616,731**	-	**49,380**	49,380	-	317	**666,111**	49,697
Liabilities directly associated with the assets held for sale								
Loans and borrowings	**445,057**	-	-	-	-	-	**445,057**	-
Trade and other payables	**77,329**	-	-	-	-	-	**77,329**	-
Deferred tax liabilities	**53,957**	-	-	-	-	-	**53,957**	-
Others	**40,388**	-	-	-	-	-	**40,388**	-
Total	**616,731**	-	-	-	-	-	**616,731**	-

i. The fair value of UTICO, less costs to sell, continues to be in line with their carrying amount, and no impairment loss has been recognized. The assets are expected to be sold within the next 12 months, and there are no significant changes in the terms or conditions affecting the sale. The fair value of assets classified as held for sale has been determined by an independent third-party valuer using an expected present value technique. This valuation incorporates key assumptions such as market values, inflation rates, and discount rates that a market participant would consider in assessing the asset's fair value.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

16a. Other Investments and Assets held for Sale (continued)

ii. As of the date of these financial statements, OQ Group holds 100% of the legal interest in OQ Chemicals Group. Due to financial distress within OQ Chemicals Group since 2023, in 2024, the OQ Board decided to not invest further in OQC. In May 2024, OQC's key creditors proposed emergency liquidity funding, conditional upon conducting an M&A process to seek a buyer for OQC Group. The process concluded without a successful outcome by October 2024.

As a result, OQ's Board resolved to transfer control of OQC Group to its creditors under an applicable arrangement involving an intermediary. The transfer process is expected to be completed in Q2 2025, pending final administrative formalities. Given these developments, management has classified its investment in OQC Group as an "Asset Held for Sale" in accordance with IFRS 5. The disposal group is available for immediate sale in its present condition, and the transfer is highly probable.

OQC Group is reported under the Downstream Reportable Segment in accordance with IFRS 8 'Operating Segments', and its total assets and liabilities are classified as a separate line item in the consolidated statement of financial position, in line with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. The application of IFRS 5 has resulted in the classification of OQ Chemicals Group's total assets and total liabilities as a separate line item in the consolidated statement of financial position.

The results of OQ Chemicals Group are presented as 'Loss from Discontinued Operations' in the consolidated statement of profit or loss:

	2024	2023
	RO'000	RO'000
Revenue	**520,555**	568,665
Expenses	**(473,589)**	(626,573)
Finance income	**12,939**	2,428
Impairment charged	**(83,256)**	-
Finance expenses	**(89,759)**	(33,733)
Loss before tax	**(113,110)**	(57,908)
Income tax	**8,434**	(3,664)
Loss from discontinued operation	**(104,676)**	(61,572)

The Group has re-presented its comparative financial information to reflect the results of discontinued operations separately from continuing operations.

Cash flows from (used in) discontinued operations.

	2024	2023
	RO'000	RO'000
Net cash from operating activities	**14,048**	71,229
Net cash from / (used in) investing activities	**10,335**	(56,747)
Net cash used in financing activities	**(13,069)**	(36,667)
Net cash flows for the year	**11,314**	(22,185)

Based on the existing arrangement, all proceeds from the disposal will be applied to settle the external liability in full. The offer price received is not expected to exceed the amount of the external liability. As a result, management has written down the net carrying amount of disposal group by RO 83.2 Mn to nil, as the fair value less costs to sell is expected to be nil.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

16b. Investments at fair value through profit and loss

iii. 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 and removed it from the IFRS 5-'Non-current Assets Held for Sale'. However, at OQ Group level, this has been accounted as investment in associate.

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.

	2024	2023
	RO'000	RO'000
Unquoted investments (Note i)	**6,012**	5,791
	6,012	5,791
Impairment provision (Note i)	**(5,626)**	(5,626)
	386	165

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. During the year, the fair value increased by RO 221 following the fair value assessment conducted by Takamul.

17a Term deposits

	2024	2023
Short-term-deposits	**961,333**	720,343

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 4.5% to 6% (2023: 2.33% to 6.20%), per annum with maturities ranging from four to twelve months from the reporting date. Interest on deposits accrues monthly.

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 and having stable credit ratings range from A- to BB. Accordingly, the management estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company has assessed that there is no significant expected credit loss.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

17b Other financial asset

	2024	2023
	RO'000	RO'000
Restricted Cash - i	**55,753**	-
Long term loan to external parties - ii	**41,467**	-
	97,220	-

i. The OQ Polymer holds restricted cash balances amounting to RO 55.75 million (2023: Nil) classified under long- term deposits. These balances are restricted due to Debt Service Reserve Account related to external borrowing arrangements. This restricted cash is not available for general operational purposes.

ii. The long-term loan to external parties is provided by OQ Trading to Oando Trading DMCC and bears the interest rate of 3m SOFR+6.5% per annum payable quarterly. The loan repayment starts from 2025 and matures on 29th December 2028. The carrying amount is adjusted for any loss allowance for expected credit losses (ECL).

We have assumed the probability of default (PD) in line with the credit rating assigned to Nigeria. This assumption is based on the fact that the borrower, the Nigerian National Petroleum Corporation (NNPC), is a state-owned entity, and its credit risk is closely linked to the financial and economic stability of Nigeria. Moody's agency has given Caa1 credit rating for Nigeria.

The overall security structure surrounding the loan remains strong, with robust collateral arrangements and risk mitigation measures in place.

18. Other non-current assets

	2024	2023
	RO'000	RO'000
Staff benefits & staff housing loans	**766**	1,411
Deferred expenditure	**2,847**	2,770
Deferred consideration - i	**30,990**	43,916
Other investments	**2,986**	8,621
	37,589	56,718

i. During 2023, the OQ EP has entered into a agreement with Medco dated 22 August 2023 to divest its 40% working interest ("WI") in the Block 60 against a total consideration amounting to RO 400.765 million. As per the sale agreement, the buyer (Medco) will pay to the OQ EP deferred payments over 6 years starting from 1 December 2024 and last payment will be received on 1 December 2029. The instalment will be due annually on 1 December of each respective year. As the amount will be received beyond one year so the Group has discounted the future cashflows by using 6% rate.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

18. Other non-current assets (continued)

	2024 RO'000	2023 RO'000
Unwinding income on deferred consideration	**2,538**	-
Presented as:		
Current receivable	**7,690**	7,702
Non-current receivable	**30,990**	36,214
	38,680	43,916
As at 1 January	**43,916**	43,916
Payment received	**(7,690)**	-
Currency translation difference	**(84)**	-
Interest charge	**2,538**	-
Closing balance	**38,680**	43,916

Medco is a well-established entity with a strong financial standing and a track record of timely payments. The Group has evaluated the creditworthiness of Medco based on recent financial information and historical performance with credit rating of BB-. Deferred consideration balance at the year-end is not past due. Group has calculated the expected credit loss for this receivable based on a 12-month expected credit loss model. Given Medco's strong credit profile and historical payment behaviour, the Group does not anticipate a significant increase in credit risk. The impact of the expected credit loss on the separate and consolidated financial statements is not material.

19. Inventories

	2024 RO'000	2023 RO'000
Finished goods	**106,998**	372,709
Raw materials and work-in-progress	**546,335**	219,574
Stores and spares	**184,272**	182,451
	837,605	774,734
Allowance for obsolete and defective inventories	**(5,404)**	(4,343)
	832,201	770,391

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:

	2024 RO'000	2023 RO'000
At 1 January	**4,343**	3,455
Charge in cost of sales	**1,061**	888
At 31 December	**5,404**	4,343

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

19. Inventories (continued)

Charge of RO 1.06 million (2023: Charge of RO 0.888 million) was charged to cost of sales. The inventories are written down to their net realisable value.

Inventories amounting to RO 33.4 million (2023: RO 130.8 million) have been pledged against loans and borrowings (Note 27).

Inventories amounting to RO 344.03 million (2023: RO 183.63 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.

20. Trade and other receivables

	2024	2023
	RO'000	RO'000
Trade receivables	**1,391,170**	1,198,305
Less: Allowance for expected credit losses	**(23,446)**	(19,903)
	1,367,724	1,178,402
Other receivables - ii	**183,120**	201,202
Advances to suppliers	**14,245**	7,301
Advances to employees	**440**	867
Prepaid expenses	**13,043**	17,018
	1,578,572	1,404,790

i. Trade receivables pertaining to Oman Oil Holding Europe BV amounting to RO 73 million have been classified under IFRS 5-Assets Held for Sale (Note 16a).

ii. It includes receivables from the operators of amounting RO 123 million which is not past due and is not considered to be credit impaired. Among these receivables, three individual corporate customers (operators) with large exposures have a credit rating of BB+. It also includes current portion of long term loan by OQ Trading to Oando Trading DMCC by RO 21.4 million.

21. Derivatives

	Derivatives assets		**Derivatives liabilities**	
	2024	2023	**2024**	2023
	RO'000	RO'000	**RO'000**	RO'000
Derivatives held for trading	**70,845**	15,905	**62,121**	14,980
Cash flow hedges	**32,334**	83,910	**-**	106
	103,179	99,815	**62,121**	15,085
Current portion	**99,865**	63,648	**62,121**	15,085
Non-current portion	**3,314**	36,167	**-**	-

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

21. Derivatives (continued)

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.

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 2024	**189,616**	**706,155**	**25,381**	**93,609**	**13,948**	**1,028,709**
31 Dec 2023	214,484	407,153	897,169	110,023	23,123	1,651,952

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% (2023: 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 2024	**16,278**	**12,789**	**1,248**	**1,906**	**113**	**32,334**
31 Dec 2023	35,773	24,685	22,530	535	281	83,804

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

	2024 RO'000	2023 RO'000
Bank balances (current and call accounts)	**2,017,919**	1,654,704
Cash balance	**290**	85
	2,018,209	1,654,789

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 3.5% to 5.8% per annum (2023: 1.25% to 5.80% per annum).

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

22. Cash and cash equivalents (continued)

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.

An amount of RO 141.90 million (2023: nil) included in call deposits is subject to restrictions due to specific usage as instructed by the ministry to funding for fuel reserve project. However, as the amount remains readily available for withdrawal from the bank without penalty, it is classified under cash and cash equivalents.

For statement of cash flow, Cash and cash equivalent includes.

	2024	2023
	RO'000	RO'000
Bank balances (current and call accounts)	**2,017,919**	1,654,704
Cash balance	**290**	85
Cash and cash equivalents classified under held for sale	**45,039**	-
Cash and cash equivalents in the statement of cash flows	**2,063,248**	1,654,789

23. Share capital

	Authorised		**Issued and paid up**	
	2024	2023	**2024**	2023
	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**	3,556,447
Ordinary shares of RO 1 each, At 31 December	**5,000,000**	5,000,000	**3,556,447**	3,556,447

Proposed dividend

At its meeting held on 19th March 2025, the Board of Directors proposed a dividend of up to RO 908 million (USD 2,362 million) for the financial year ended 31 December 2024. The proposed dividend is subject to final approval at the Annual General Meeting scheduled for 26th March 2025.

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 2024 RO 160.9 million (2023: RO 225.8 million) of the Parent Company and subsidiaries' 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 2024 (continued)

25. Other reserve

The opening balance of other reserves includes the historical gain or loss from the IPO, as well as the impact of transactions previously accounted for as common control transactions under business combinations involving entities under common control.

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

- OQ Exploration & Production SAOG (OQ EP) IPO
  In Q3 2024, OQ EP launched an initial public offering (IPO), resulting in the divestment of 25% of its shares. The transaction generated net proceeds of RO 743 million, leading to a gain of RO 513.6 million, which was recognized in the consolidated statement of changes in equity under "Other Reserves." At the transaction date, non-controlling interest was measured at RO 229.5 million, representing its proportionate interest in the identifiable net assets of OQ EP. Following the IPO, OQ Group retains control with a 75% ownership stake, and OQ EP continues to be fully consolidated as a subsidiary, as detailed in Note 2.

- OQ Base Industries (SFZ) SAOG (OQ Bi) IPO
  In Q4 2024, OQ BI launched an initial public offering (IPO), resulting in the divestment of 49% of its shares. The transaction generated net proceeds of RO 185 million, with a gain of RO 24.4 million recognized in the consolidated statement of changes in equity under "Other Reserves". At the transaction date, non-controlling interest (NCI) was measured at RO 160.5 million, representing its proportionate interest in the identifiable net assets of OQ BI. Following the IPO, OQ Group retains control with a 51% ownership stake, and OQ BI remains a fully consolidated subsidiary, as detailed in Note 2.

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 2023	115,787	71,267	187,054
Fair values movement in hedges	33,067	-	33,067
Reclassified to Profit or loss - cash flow hedges	(83,017)	-	(83,017)
Share of OCI of joint ventures and associates	-	(13,479)	(11,549)
At 31 December 2023	**65,837**	**57,788**	**123,625**
Fair values movement in hedges	**37,640**	**-**	**37,640**
Reclassified to Profit or loss - cash flow hedges	**(72,985)**	**-**	**(72,985)**
Share of OCI of joint ventures and associates	**-**	**(3,290)**	**(3,290)**
At 31 December 2024	**30,492**	**54,498**	**84,990**

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

27. Loans and borrowings

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

	2024	2023
	RO'000	RO'000
Non-current liabilities		
Secured bank loans	**731,960**	1,262,325
Unsecured bank loans	**1,425,930**	1,115,170
Unsecured bond issues	**286,735**	286,863
	2,444,625	2,664,358
Current liabilities		
Secured bank loans	**309,623**	821,768
Unsecured bank loans	**160,733**	110,137
	470,356	931,905
Carrying amount of loan and borrowings	**2,914,981**	3,596,263

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

27. Loans and borrowings (continued)

	Entity	Currency	Nominal interest rate	Year of maturity	2024 RO'000'		2023 RO'000'	
					Face value	Carrying amount	Face value	Carrying amount
Unsecured bank loan (2024) Secured bank loan (2023)– i	OQ BI	USD	SOFR + 1.4%	2029	**165,796**	**164,443**	182,499	180,427
Secured bank loans – ii	Takamul	USD/OMR	USD (SOFR + 3.00%). RO (4.50%)	2024-2030	**92,999**	**92,423**	101,077	101,077
Secured bank loan – iii	Abraj	USD/OMR	Fixed deposit rate + margin	2025-2029	**90,818**	**90,818**	88,355	88,355
Secured bank loan – iv	OQ EP	USD	SOFR + 1.70%	2024	**-**	**-**	88,869	88,770
Unsecured bank loan - v	OQ EP	USD	SOFR + 1.25%	2031	**192,250**	**191,403**	-	-
Unsecured bank loan – v	OQ EP	USD	SOFR + 0.85%	2026	**192,250**	**191,403**	-	-
Secured bank loan – vi	OOHE	Euro	Euribor + 3.75%	2024	**-**	**-**	201,614	201,614
Secured bank loan – vi	OOHE	USD	SOFR + 3.50%	2024	**-**	**-**	167,091	167,091
Secured bank loan – vii	OTTCO	USD/OMR	SOFR + 2.25%	2030	**116,128**	**116,263**	127,102	126,251
Secured bank loan – viii	OQ Trading	USD	SOFR + Margin	2024	**183,373**	**183,373**	189,867	189,867
Unsecured bank loan – ix	OQ GN	USD/OMR	different rates	2030-2033	**358,488**	**354,938**	330,424	330,092
Unsecured bond issues - x	OQ SAOC	USD	5.13%	2028	**288,375**	**287,311**	288,825	286,863
Secured bank loan – xi	OQ SAOC	OMR	WAFD + 1.88%	2025	**-**	**-**	24,502	22,745
Unsecured bank loan – xii	OOMCO	OMR	Fixed rate	2025	**60,000**	**60,000**	20,000	20,000
Unsecured bank loan – xiii	OQ RPI	USD	SOFR + 1.95%	2027	**414,826**	**411,032**	462,120	457,532
Unsecured bank loan -xiv	OQ RPI	USD	SOFR + 1.895%	2029	**37,719**	**37,335**	45,249	44,819
Secured bank loan – xv	OQ RPI	USD	SOFR + 1.20% - 2.60%	2030-2031	**532,412**	**486,388**	1,122,228	1,066,987
Secured bank loan – xvi	OQ RPI	USD	SOFR + 2.10%	2024	**46,140**	**46,140**	-	-
Unsecured bank loan (2024) Secured bank loan (2023)– xvii	OQ LPG	USD	SOFR + 3.15% - 3.45%	2032	**177,321**	**176,109**	195,064	192,027
Secured bank loan - xviii	Majis	USD/OMR	different rates	2024-2030	**25,714**	**25,602**	31,848	31,746
					2,974,609	**2,914,981**	3,666,734	3,596,263

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

27. Loans and borrowings (continued)

i. During 2024, OQ BI has obtained an Islamic Syndicated Wakala facility totaling RO 169.2 million under a facility agreement dated 24 December 2024, with the entire amount disbursed on 30 December 2024. The facility is repayable in twenty-four semi-annual installments, ranging from RO 3.4 million to RO 6.8 million, with a final bullet payment of RO 76.1 million due in December 2035, and repayments commenced on 30 December 2024. The facility bears a profit rate of Term SOFR plus a fixed margin of 1.4% per annum. It does not carry any financial covenants, and includes general undertakings related to compliance with law, negative pledge, authorizations, asset disposal, mergers, and sanctions. The funds were used to refinance the existing Syndicated facility and for general corporate purposes, with the original Syndicated facility of RO 169.1 million fully settled on 30 December 2024.

ii. Oman Aluminium Rolling Company SPC (OARC), which is a subsidiary of Takamul Investment Company LLC (Takamul), secured syndicated term loans of RO 74.3 million (US$ 193 million) and working capital facilities totaling RO 28 million (US$ 72.8 million). Due to liquidity issues and covenant breaches, the loans were restructured on 4 November 2018, with an additional RO 22.5 million (US$ 58.6 million) term loan, revised repayment terms, and interest rates. The old facility was derecognized, and finance costs were charged to profit or loss in 2018.As of 2023, the loans remain 100% utilized. The US Dollar facility bears a variable rate based on three-month SOFR plus a 3% margin and 0.15% CAS, while the Rial Omani facility has a fixed 4.5% rate. The loans are repayable in 20 semi-annual installments starting 30 June 2021. The arrangement has certain non-financial covenants such as submission of financial statement and general undertakings. OARC is in full compliance with all non-financial covenants.

iii. Abraj has five term loans obtained from commercial banks with different maturities and interest rate term of fixed rate with margin. Abraj complies with all financial covenants, including the ‘Debt to Equity’ and ‘Total Debt to Net Worth’ ratios, as of 31 December 2024 and 31 December 2023.

iv. During 2024, OQ EP has fully repaid the PXF loan facility obtained from certain financial institutions. That facility carried interest at 3-month compounded SOFR + applicable margin.

v. During 2024, OQ EP obtained an Islamic financing facility with a variable return based on USD SOFR plus a margin of 1.25% per annum. This facility is unsecured, not guaranteed, and does not carry any financial covenants. Additionally, OQ EP secured a conventional Bridge-to-Bond credit facility from a syndicate of commercial banks, bearing a floating interest rate set by reference to USD SOFR plus a margin of 0.85% per annum. This facility is also unsecured, not guaranteed, and does not have any financial covenants.

vi. OQ Chemicals, a subsidiary of Oman Oil Holding Europe B.V., has a loan facilities agreement that has been classified as held for sale during the year 2024, as referenced in note 16a.

vii. OTTCO had entered into a long-term facility agreement with a commercial bank in Oman. The loan is subject to financial covenant of maintaining specific debt-to-equity ratio. OTTCO fully complies with this covenants. The loan is secured and bears interest of SOFR plus a margin of 2.25% per annum.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

27. Loans and borrowings (continued)

viii. The borrowings of OQT includes overdrafts and short-term working capital facilities having carrying amount of RO 146.97 million (2023: RO 189.57 million) and a 5-year term loan. The 5-year term loan of RO 38.45 million was obtained during the year 2024. Repayments are made on quarterly basis. The loans are subject to financial covenants of maintaining specific tangible net worth and current ratio. OQ T complies with the covenant.

ix. On 19 June 2023, OQ GN secured two unsecured conventional term financing facilities of RO 60 million (OMR) and RO 86.65 million (USD 225 million) with a syndicate of financial institutions, along with two Wakala Facility Agreements on 19 and 20 June 2023, totaling RO 165 million (OMR) and RO 152.11 million (USD 395 million). During the year, OQ GN drew down additional RO 35 million, leaving an unutilized balance of RO 91 million. Repayments are made semi-annually, with the final installment of the Omani Rial facilities due on the 10th anniversary (70% of the facility amount) and the USD facilities on the 7th anniversary (82%). Interest on Omani Rial facilities is 5.70% per annum for the first 4 years, then base rate plus 2%, while interest on USD facilities is based on SOFR plus a 1.9% margin, reduced to 1.25% in December 2024. OQ GN is not subject to any financial ratio covenants.

x. Unsecured bond issue:

	2024	2023
	RO '000	RO '000
Bond	**288,825**	288,825
	288,825	288,825
Less: Deferred bond cost	**(1,514)**	(1,962)
	287,311	286,863

On 6 May 2021, the Parent Company issued USD Senior Unsecured Notes aggregating RO 288.83 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 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 are amortized using the effective interest method and are reflected as finance costs.

xi. In 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. In 2024, the loan has been fully repaid.

xii. OOMCO has an unsecured term loan with a carrying amount of RO 60 million (2023: RO 60 million) at a fixed interest rate prevailing in the market. Both the principal and accrued interest are payable at the end of the tenure of 24 months. The loan is subject to financial covenant of maintaining specific Debt Service Coverage Ratio (DCSR). OOMCO complies with all covenant.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

27. Loans and borrowings (continued)

xiii. On 16 October 2023, the OQ Refineries LLC entered into a long-term facility agreement with various commercial banks amounting to USD 1,200 Million (RO 461.4 million). The loan is denominated in US dollars. On 30 November 2023, the new term loan was fully utilized to prepay the previous outstanding term loan. The loan carries interest at SOFR plus applicable margin. The loans are repayable in semi-annual instalments, started from June 2024 and the repayments are set to conclude in June 2031. This facility does not have any financial covenants.

xiv. On 16 December 2014, OQ Logistics LLC which part of OQ RPI Group 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 project. The loan is denominated in US Dollars. The loan carries interest at LIBOR plus applicable fixed margin per annum which was transitioned to 6 months SOFR plus CAS from July 2023. LIBOR changed to SOFR during 2024.The repayment of loan is in 24 equal semi-annual instalments of USD 9.79 million starting from 19 June 2018. During the year, the Company was in compliance with the minimum required debt service coverage ratio of 1.2:1 and debt to equity ratio of 70:30. OQ logistics complies with all financial covenants.

xv. On 3 March 2016, the OQ Polymers LLC 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. During 2018 the interest rate of SACE facility was revised to fixed rate of 3.29% effective from 15 June 2018.

During 2024, all other loans carried interest at synthetic LIBOR plus applicable margin while the process for transition to alternative benchmark was in process. The LIBOR-indexed loans have now been transitioned to alternative benchmark rates which utilizes SOFR plus applicable margin as interest rate. For the Commercial Facility, the margins are fixed and increased gradually. Interest is payable semi-annually. If OQ Plastics fails to pay any due balances as per the facility agreements, then interest will be accrued on the overdue amount at 2% above the rate. The loans are repayable in semi-annual instalments that started from 15 June 2020 and are set to conclude by December 2031.The Company has to maintain a minimum debt service coverage ratio of 1.35:1 if it intends to distribute dividends. The loan is supported by standby equity through an equity subscription, share retention and subordination agreement signed by the shareholders. Additionally, loan is secured by a commercial mortgage on the plant up to the value of the loan. These facilities do not have any financial covenants other than maintain a minimum debt service coverage ratio.

xvi. OQ Refineries has working capital facility agreement with a commercial bank which is expiring in July 2024. New agreement was signed in Nov 2024 with a total amount of USD 500 million (RO 192.2 million). During 2024, the utilized amount of the WC facility is USD 120 million (RO 46.1 million) in Dec 2024.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

27. Loans and borrowings (continued)

xvii. OQ LPG obtained a syndicated term loan facility totaling RO 186.5 million under an agreement dated 26 December 2024, with the full amount disbursed on 30 December 2024. The loan is repayable in sixteen semi-annual installments, ranging from RO 9.2 million to RO 14.3 million, starting on 30 December 2024.

This loan have interest rate of Term SOFR plus a fixed margin of 1.15% per annum. The facility is unsecured and does not have any financial covenants. The purpose of the loan was to refinance OQ LPG's existing project financing and for general corporate purposes, with the funds used to fully settle the original syndicated facility of RO 185.8 million on 30 December 2024.

xviii. Majis obtained term loans from local commercial banks. One term loan has interest rate of SOFR + 2.65% with semi-annual installments. Second term loan carries an interest rate of the average deposit and credit rates of local banks plus 1.6%, with a current benchmark rate of 5.06% per annum, repayable in 21 semi-annual. The term loans are subject to financial covenants, including maintaining a Debt Service Coverage Ratio (DSCR) of at least 1.1:1 and a debt-to-equity ratio of less than 2:1.

28. Lease liabilities

	2024	2023
	RO'000	RO'000
Gross lease liability related to right-of-use assets	**367,967**	338,789
Future finance charges on finance leases	**(141,532)**	(117,759)
Present value of lease liabilities	**226,435**	221,030

	2024	2023
	RO'000	RO'000
As at 1 January	**221,030**	196,998
Addition during the year	**68,801**	63,304
Interest charged	**13,171**	10,417
Divestment- Reversal of liability booked (Note 35b)	**-**	(15,778)
Modification	**(4,209)**	731
Termination	**(4,511)**	-
Translation differences	**26**	410
Reclassification to Liabilities held for sale (Note 16a)	**(12,978)**	-
Payment of lease liabilities	**(54,895)**	(35,052)
As at 31 December	**226,435**	221,030
Analyzed as:		
Current	**39,810**	33,890
Non-current	**186,625**	187,140
	226,435	221,030

Maturity analysis of lease liabilities is disclosed in Note 44.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

29. Employees' end-of-service benefits

	2024	2023
	RO'000	RO'000
At 1 January	**61,960**	53,058
Accrued during the year	**7,627**	12,023
Net actuarial loss / (gain)	**30**	(789)
Translation differences	**(331)**	840
Reclassified to liabilities held for sale (Note 16a) - i	**(25,871)**	-
End-of-service benefits paid	**(3,130)**	(3,172)
At 31 December	**40,285**	61,960

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)

Defined benefit obligations pertaining to OOHE BV (OQ Chemicals) have been reclassified to the IFRS 5 - 'Liabilities Held for Sale' during the year (Note 16a).

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 2024, 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:

	2024	2023
Discount rate	**5.25%**	6%
Future salary increase	**3%**	3%
Retirement age in years	**60**	60

ii) Oman based group companies (continued)

Maturity profit of the obligation is as follows:	**2024**	2023
	RO'000	RO'000
Less than 1 year	**1,436**	2,485
More than 1 year	**7,458**	8,275
	8,894	10,760

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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

Movement in the present value of obligation is as follow:	**2024**	2023
	RO'000	RO'000
At 1 January	**10,760**	10,522
Service cost	**1,534**	2,101
Benefits paid	**(1,911)**	(1,127)
Excess provision reversed	**(1,519)**	-
Actuarial loss on obligation	**(30)**	(736)
At 31 December	**8,894**	10,760

The weighted-average duration of the defined benefit obligation is 6.30 years (2023: 10.93 years).

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

Service cost	**1,534**	2,101

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

Actuarial loss – experience adjustment	**(30)**	(736)

Sensitivity analysis 2024

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.

	2024		2023	
	RO'000		RO'000	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.50%)	**(209)**	**219**	(244)	255
Projected salary (0.50%)	**222**	**(214)**	261	(252)

30. Provisions

	Site restoration RO'000	**Provision for rich gas RO'000**	**Total RO'000**
At 1 January 2023	90,626	34,560	125,186
Additions	24,498	27,822	52,320
Divestment of Block 60 (Note 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**
(Reversals) / additions	**(1,744)**	**41,837**	**40,093**
Adjustment to site restoration cost	**1,120**	**-**	**1,120**
Currency translation adjustment	**(62)**	**-**	**(62)**
Unwinding of discount	**7,273**	**4,831**	**12,104**
At 31 December 2024	**107,082**	**101,389**	**208,471**

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

30. Provisions (continued)

	Site restoration RO'000	Provision for rich gas RO'000	Total RO'000
Analyzed as:			
Current	-	24,691	24,691
Non-current	107,082	76,698	183,780
	107,082	101,389	208,471

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 2024 were in range from 6.47% to 8.11% (2023: 6.75% to 7.29%). 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 amount of provision was discounted to the present value using a discount rate of 6.5% (2023: 6.38%). The entire provision liability is measured as fair value each year and the fair value gain is recognized in finance income or finance cost. The outflow of resources from the settlement of provision are expected to occur from 2025.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

31. Related party transactions and balances

The Group, in the normal course of business, enters into 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:

	2024	2023
	RO'000	RO'000
Purchases of goods and services		
- OIA and its' subsidiaries	**5,362,740**	3,775,796
- Associates and joint ventures	**2,155,817**	1,129,558
- Other common control entities	**31,205**	170,846
Sale of goods and services		
- OIA and its' subsidiaries	**167,348**	161,572
- Associates and joint ventures	**837,388**	534,451
- Other common control entities	**81,003**	105,844
Board sitting fee	**199**	182
Directors' remuneration	**686**	633

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

Short-term benefits	**7,672**	11,661
Employees' end of service benefits	**171**	434

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.

	2024	2023
	RO'000	RO'000
Amount due from related parties – non-current		
Associates and joint ventures (i & ii)	**102,763**	101,339
Allowance for credit loss (i)	**(8,543)**	(7,310)
	94,220	94,029
Amount due from related parties –current		
OIA and its' subsidiaries	**71,383**	136,712
Associates and joint ventures	**64,517**	96,084
Other common control entities	**16,413**	2,413
	152,313	235,209

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

31. Related party transactions and balances (continued)

	2024	2023
	RO'000	RO'000
Amount due to related parties – non-current		
OIA and its' subsidiaries	**9,242**	9,242
Amount due to related parties – current		
OIA and its' subsidiaries	**981,230**	699,506
Associates and joint venture	**49,379**	241,571
Other common control entities	**4,958**	1,300
	1,035,567	942,377

Above amount due to related parties classified as current are interest free and repayable on demand.

(i) This includes loan to ABIS amounting to RO 8.6 million (2023: RO 7.2 million). The loan represents the following:

- Interest bearing loan from OQ Plastic LLC of RO 4.1 million.
- Interest free loan from OQ Polymers LLC of RO 1.0 million; and
- Interest bearing loan of RO 2.3 million from OQ Refineries LLC.

Furthermore, as at 31 December 2024, the Group has accrued interest income of RO 1.2 million from the above loans which is recognised under other receivables. The total amount of loan and interest accrued thereon amounting to RO 8.6 million, was impaired as at 31 December 2024.

(ii) RO 90.2 million (2023: RO 89.2 million) loan was provided by the OOFDC (fully owned subsidiary of OQ) to Duqm Power Company (DPC) to fund the construction of the power and water project. This loan was interest free until the Commercial Operations Date ("COD"). The interest on loan being charged at the rate of 5% from the commercial operation date 20 March 2024. The DPC shall repay the loan at the times and in the amounts from time to time as agreed with the Company. Accordingly, the loan has been classified as non-current asset.

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

	2024	2023
	RO'000	RO'000
Deferred payment obligation	**-**	1,540
Deferred income	**11,169**	12,986
Other payables	**-**	5,142
	11,169	19,668

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

33. Trade and other payables

	2024	2023
	RO'000	RO'000
Trade payables	**472,726**	294,387
Accrued expenses	**673,433**	534,915
Other payable	**230,723**	252,947
	1,376,882	1,082,249

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.

	2024	2023
	RO'000	RO'000
Products transferred at a point in time		
Sale of petroleum products	**14,900,560**	12,617,741
Sale of aluminum products	**118,013**	105,547
Others	**11,461**	7,691
Products and services transferred over a period of time		
Construction related revenue	**146,862**	161,643
Oil field services	**123,365**	144,407
Others	**99,637**	91,026
	15,399,898	13,128,055

Cost of sales

	2024	2023
	RO'000	RO'000
Cost of materials	**13,409,945**	10,891,500
Salaries and wages (Note 38.1)	**133,668**	128,417
Depreciation charged (Note 6)	**528,916**	565,797
Other overheads	**501,812**	287,659
	14,574,341	11,873,373

Details regarding the geographical breakdown of revenue can be found in Note 47.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

35a Investment income

	2024	2023
	RO'000	RO'000
Dividend income on investments	**1,117**	9,958
Net gain on disposal of investments (i)	**58**	291,491
	1,175	301,449

(i) During 2023 OQ SAOC disposed of 30.53% investment in Gulf Energy Maritime (GEMS) with a gain of RO 16.8 million was recorded in 2023 and OQ EP recorded gain of RO 274.7 million from the divestment of its interest in the blocks. (Refer to note 35b)

35b Divestment of interest in blocks

During 2023, the Group has entered into a 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 400.765 million for block 60 and RO 11.504 million for block 48. The remaining 60% interest in these blocks was accounted for as joint operations based on the rights as per the agreements. The Government approved the block 48 agreement effective from 1st January 2023 vide Royal Decree 85/2023 and for block 60 effective 1 January 2023 via Royal Decree 86/2023.

	Block 60	**Block 48**	**Total**
	RO'000	**RO'000**	**RO'000**
Cash consideration	400,765	11,504	412,269
Deferred consideration	43,916	-	43,916
Total consideration	**444,681**	**11,504**	**456,185**
Less:			
Working capital and other adjustments as per agreements	(19,917)	-	(19,917)
Transaction cost (assignment bonus to MEM)	(11,553)	(578)	(12,131)
Carrying value of the B60 (Note 7a) /B48 (Note 7b)	(152,714)	(7,451)	(160,165)
Carrying value of site restoration obligation	21,833	-	21,833
Carrying value of right of use asset (Note 8)	(23,499)	-	(23,499)
Carrying value of lease liability (Note 28)	15,778	-	15,778
Gain on divestment (B60)/Other reserve (B48)	**274,659 (i)**	**3,475 (ii)**	**278,134**

The company derecognized carrying values of block 60 and related working capital adjustment, and then recognized gain of RO 274.659 million in the statement of profit or loss. The Group derecognized carrying amount of Oil & Gas Assets to the extent of zero for Block 48 and recognized remaining excess cash consideration as other reserve in the equity, which was subsequently transferred to retained earnings during 2024.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

36. Share of result of equity accounted investments

	2024	2023
	RO'000	RO'000
Share of results of associates (Note 11)	**21,063**	33,206
Share of results of joint ventures (Note 12)	**(37,402)**	42,616
	(16,339)	75,822

37. Other income / expenses – net

	2024	2023
	RO'000	RO'000
Lease income (Note 14)	**21,509**	22,527
Income from services provided to related parties	**21,445**	4,188
Loss on disposal of fixed assets	**-**	(11)
Other operating income	**32,432**	26,223
	75,386	52,927

38. Administrative expenses

	2024	2023
	RO'000	RO'000
Staff related expenses (Note 38.1)	**136,420**	141,721
Depreciation and amortization (Note 6)	**18,626**	64,162
Professional fees *	**14,456**	19,699
Exploration expenditure, including write offs	**-**	125
Selling and distribution expenses	**17,389**	18,689
Traveling expenses	**4,958**	6,822
Corporate social responsibility (CSR) expenses	**3,837**	4,429
IT expenses	**33,605**	29,768
Insurance costs	**13,823**	16,895
Repair and maintenance	**17,199**	20,357
Other administration expenses	**80,377**	58,204
	340,690	380,871

* This includes remuneration paid to auditors for the year 2024, which amounts to RO 1.1 million (2023: RO 0.9 million) for audit services and RO 0.36 million (2023: RO 0.29) for non-assurance services, which includes tax, IPO and OQ Group Scorecard review related services.

38.1 Staff related expenses of the Group included in administrative expenses and cost of sales comprise the following:

	2024	2023
	RO'000	RO'000
Wages and salaries	**224,053**	212,473
Performance bonus	**14,689**	28,263
End of service benefits	**7,627**	9,715
Other	**23,719**	19,687
	270,088	270,138

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

38. Administrative expenses (continued)

Staff related expenses is classified as below:

	2024 RO'000	2023 RO'000
Cost of sales	**133,668**	128,417
Administrative expenses	**136,420**	141,721
	270,088	270,138

39. Impairment losses - charged / (released) - net

	2024 RO'000	2023 RO'000
Net reversal of impairment in property, plant and equipment (Note 6)	**(238,369)**	(236)
Inventory written off	**235**	59
Impairment charge on held for sale assets	**-**	3,295
Allowance for expected credit loss	**9,283**	2,628
Allowance for credit loss on loan to joint venture	**-**	401
Receivables written off	**278**	8
	(228,573)	6,155

40. Net finance cost

	2024 RO'000	2023 RO'000
Finance income		
Interest income	**159,821**	104,605
Finance cost		
Interest expense on borrowings	**269,887**	311,309
Reclassification of cashflow hedge	**(72,985)**	(83,017)
Unwinding of discount on provisions	**6,210**	7,203
Unwinding of commitment to MEM	**4,947**	(7,661)
Interest on lease liabilities (note 8)	**13,171**	10,417
Other finance charges	**30,152**	9,374
	251,382	247,625
Foreign exchange losses – net		
Realised exchange gain / (loss)	**331**	(807)
Unrealised exchange (loss) / gain	**(1,991)**	11,570
	(1,660)	10,763
Net finance cost	**(93,221)**	(132,257)

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% (2023: 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 2024 or to its results for the year then ended.

	2024	2023
	RO'000	RO'000
Current liabilities		
Current year	**71,061**	125,866
Prior year	**1,351**	4,601
	72,412	130,467
Profit or loss		
Current tax expense		
Current year	**53,887**	116,597
Changes in estimates related to prior years	**660**	198
	54,547	116,795
Deferred tax expense / (income)		
Origination and reversal of temporary differences	**(2,675)**	33,184
Recognition of previously unrecognized temporary differences	**9,781**	(15,604)
	7,106	17,580
Tax expense for the year	**61,653**	134,375
Movement in net deferred tax (liability) / asset		
At 1 January	**(156,896)**	(151,289)
Movement during the year (statement of profit or loss)	**(7,106)**	(18,956)
Movement during the year (statement of other comprehensive income)	**4,244**	13,349
Movement during the year (acquired through business combination)	**(158)**	-
Movement during the year (Asset held for sale)	**72,901**	-
Movement during the year (common control)	**1,044**	-
	(85,971)	(156,896)

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

41. Income tax expense (continued)

The deferred tax (liabilities) / assets are attributable to the following:

	At 1 January 2024 RO'000	Movement RO'000	At 31 December 2024 RO'000
Provisions	**24,728**	**890**	**25,618**
Un-realised exchange differences on loans to related parties	**672**	**-**	**672**
Tax losses of subsidiaries	**124,647**	**15,038**	**139,685**
Site restoration	**-**	**(2,700)**	**(2,700)**
Deferred income	**-**	**244**	**244**
Project development cost disallowed	**-**	**445**	**445**
Property, plant and equipment	**(301,493)**	**53,328**	**(248,165)**
Lease liability	**16,711**	**(180)**	**16,531**
Right of use asset	**(15,039)**	**42**	**(14,997)**
Derivatives	**(7,548)**	**4,244**	**(3,304)**
Others	**426**	**(426)**	**-**
	(156,896)	**70,925**	**(85,971)**

	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)
Others	2,408	(1,982)	426
	(151,290)	(5,606)	(156,896)

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

41. Income tax expense (continued)

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

	2024	2023
	RO'000	RO'000
Deferred tax assets	**32,156**	17,514
Deferred tax liabilities	**(118,127)**	(174,410)
	(85,971)	(156,896)

	2024	2023
	RO'000	RO'000
Profit before tax	**680,441**	1,116,457
Income tax on Parent and subsidiaries in Oman at 15% (un-consolidated)	**94,468**	167,469
Effect of tax in foreign jurisdictions	**13,781**	(26,802)
Tax exempt income (Including eliminated dividend)	**(115,559)**	(27,076)
Under provision in earlier years	**695**	(1,977)
Un-recognised deferred tax	**28,009**	(8,846)
Previously un-recognized deferred tax	**9,781**	(15,604)
Non-deductible expenses	**30,478**	47,211
Tax expense for the year	**61,653**	134,375

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	2024		2023	
	RO'000		RO'000	
	Gross	**Tax effect**	Gross	Tax effect
Deductible temporary differences	3,879,347	581,902	3,403,001	510,450
Tax losses carried forward	205,051	30,758	109,625	16,443
	4,084,398	**612,660**	3,512,626	526,893

Tax losses carried forward

Tax losses for which no deferred tax asset was recognized expire as follows.

	2024		2023	
	RO'000		RO'000	
	Gross	**Expiry date**	Gross	Expiry date
Expire	94,592	**2025-29**	85,989	2024-28
Never expire	110,459		23,636	

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

41. Income tax expense (continued)

Parent Company

As of 31 December 2024, the Parent Company has filed its latest tax return for the year 2023 on due date and the Parent Company's tax assessments have been completed by the Tax Authority of Oman up to the tax year 2020. The Management believes that any additional tax for the un-assessed years will not be material to the financial position of the Company as at the reporting date.

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% (2023: 25.8%).

For the UAE, the Cabinet of Ministers Decision No. 116/2022 effective from 2023, has confirmed the threshold of income over which the 9% tax rate would apply and the Law is considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

Tax rate on OQ EP EPSA Blocks

Revenue from certain Exploration Production Sharing Agreements (EPSAs) are taxed at the rate of 55% as per the Oman tax law and the same has not been recorded as revenue by the Group. The Group recorded the net 45% as revenue on which there is no further tax and are considered as tax exempt. The Group is not obliged to pay tax under EPSAs on its share of profit oil.

Global minimum tax

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

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 Under Taxed Profits Rule ("UTPR"). There could be other changes in international tax laws and practices because of other pillars of BEPS, including taxes on digital services, which may impact our tax cost.

During 2024, Pillar Two legislation was effective in several jurisdictions where OQ operates (e.g., the Netherlands, Italy, Germany and United Kingdom) and substantively enacted in some jurisdictions but effective in 2025 (e.g., Oman, Japan, Singapore and United Arab Emirates).

On 31 December 2024, Oman issued Royal Decree Number 70/2024, enacting new global minimum tax rules to align with the OECD's GloBE Rules. The enacted law introduces a DMTT/IIR, effective from 1 January 2025. For Oman, the taxable income and effective tax rate will be calculated in accordance with the Executive Regulations to the Royal Decree, which are expected to be issued during FY 2025.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

41. Income tax expense (continued)

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 the Transitional CbC Safe Harbour (TCSH) relief.

OQ has completed a preliminary impact assessment for FY2024 utilising the TCSH relief and considering the jurisdictions where the GloBE Rules are effective in FY2024. OQ does not anticipate any significant tax exposure to Pillar Two income taxes in FY2024 as it is not substantively enacted for Oman.

OQ's effective tax rate will increase in FY2025 due to the application of the GloBE Rules in other jurisdictions; however, the exposure cannot be reasonably estimated at this time. OQ will continue to monitor the Pillar Two legislations in all relevant jurisdictions and accrue any potential top-up tax when in accordance with the IAS 12 amendments.

It is unclear if the Pillar Two model rules create additional temporary differences, whether to remeasure deferred taxes for the Pillar Two model rules and which tax rate to use to measure deferred taxes. In response to this uncertainty, on 23 May 2023, the IASB issued amendments to IAS 12 'Income taxes' introducing a mandatory temporary exception to the requirements of IAS 12 under which a company does not recognize or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules. The Group has applied this mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes.

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:

		2024			2023	
	Continued operations	**Discontinued operations**	**Total**	Continued operations	Discontinued operations	Total
Profit / (loss) attributable to shareholders (RO'000)	**618,788**	**(104,676)**	**514,112**	1,031,222	(61,572)	969,650
Weighted average number of shares for basic and diluted EPS	**3,556,640,784**	**3,556,640,784**	**3,556,640,784**	3,556,640,784	3,556,640,784	3,556,640,784
Basic and diluted earnings per share (OMR)	**0.174**	**(0.029)**	**0.145**	0.290	(0.017)	0.273

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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:

	2024	2023
	RO'000	RO'000
Letter of credit	**145,272**	73,047
Performance guarantees and bonds	**81,030**	152,988
	226,302	226,035
Capital and expenditure commitments	**563,139**	636,249

Following are the contingent liabilities specific to each Group entity:

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 Energy & Minerals.

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 Polymers LLC (Formerly OQ Plastics LLC)
- OQ Aromatics LLC
- OQ Marketing LLC and its Subsidiaries and Branches
- 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
- Centralized Utilities Co. LLC
- OQ Alternative Energy Company LLC
- Hyport Coordination Company LLC
- Oman Tank Terminal Company LLC
- Naseem Bahr Al Arab International LLC
- Oman Energy Development Company LLC
- Green Energy Development LLC

Notes to the consolidated financial statements for the year ended 31 December 2024 (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 31 December 2024 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. The company had been engaged in that review and responded to requests for information from DOC and vigorously defended the case. That rate remains in place as on December 31, 2024 and will not change until such a time in the future that DOC re-determines the Company's AD rate through an administration review.

As concerns CVD proceeding, an order on aluminum foil published in the Federal Register on November 12, 2021, having set CVD duty cash deposit rate of 1.93% that has still remained in place by current year ending December 31, 2024 subject to further administrative review of its deposit rate. During the current year, the Company has finished the second administrative review by DOC initiated on December 29, 2023 while the third administrative review also initiated late in 2024. A preliminary determination was issued on December 13, 2024 with respect to the second administrative review that, if sustained, would reduce the current deposit rate to 1.36% from 1.93% subject to the final determination that is not expected before July 2025.

Commitments

The OARC has issued a letter of credit in favor of a supplier of liquid metal for OMR 19.3 million (US$ 50.0 million) [2023: OMR 19.3 million (US$ 50.0million)] as a guarantee for unrestricted supply of liquid aluminium metal.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

43. Contingencies and commitments (continued)

iv. OQ GN

The Company is defending certain actions brought by a contractor in relation to work carried out by him for the Company. The Company is also defending action brought by MEM to indemnify MEM for penalties it incurred due to delays in project delivery. Although liability is not admitted, if the defence against the actions by the contractor and MEM is unsuccessful, then the Company may be liable for an amount of RO 20.9 million (2023: RO 19.7 million) out of which RO 19.5 million relates to the action by MEM. The Parent Company has agreed to indemnify the Company from and against any amount determined to be payable by the Company in respect of the MEM claim. Based on legal advice, the Company's management believes that the defence against the actions will be successful.

v. OQ RPI

Nitrogen supply agreements

OQ RPI had two agreements with Air Liquid Sohar Industrial Gases (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.

vi. Majis

Legal case

One of the shareholders of UTICO had signed a binding offer to purchase Majis's share in UTICO for OMR 55 million. The shareholder did not finalize the purchase hence Majis initiate a lawsuit against that shareholder to complete the transaction and purchase Majis's shares in UTICO for OMR 55 million within the stipulated time mentioned in the agreement. The next court date in the Sohar court is May 13, 2025 for this case. Currently there is no impact on the financial statement for this matter considering that the case is still in the court.

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44. Financial risk management and fair value hierarchy (continued)

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 2024, 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:

Breakdown of financial assets	Classification	**2024 RO'000**	2023 RO'000
Due from related parties	Amortised cost	**246,533**	329,238
Trade and other receivables	Amortised cost	**1,550,844**	1,379,604
Concession receivables	Amortised cost	**940,134**	801,751
Lease receivables	Amortised cost	**217,540**	229,781
Contract assets	Amortised cost	**117,787**	241,191
Cash and cash equivalents	Amortised cost	**2,017,919**	1,654,704
Term deposits	Amortised cost	**961,333**	720,343
Investments - at fair value through profit / loss	FVTPL	**386**	165
Derivatives	FVOCI	**103,179**	99,815
Other financial asset	Amortised cost	**97,220**	-
Other non-current assets	Amortised cost	**34,742**	53,948
		6,287,617	5,510,540

44. Financial risk management and fair value hierarchy (continued)

Credit risk (continued)

Contract assets and concession receivables are all arising from transactions within the Sultanate of Oman.

	2024 RO'000	2023 RO'000
Details of trade receivables by geographic region		
Sultanate of Oman	**302,924**	151,198
Other GCC	**810,953**	736,659
Other Asian countries	**117,195**	116,053
Europe and US	**160,098**	194,395
	1,391,170	1,198,305

	2024 RO'000	2023 RO'000
Details of trade receivables by type of customer		
Retail customers	**22,234**	8,481
Wholesale customers	**1,368,936**	1,189,824
	1,391,170	1,198,305

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44. Financial risk management and fair value hierarchy (continued)

Credit risk (continued)

The ageing trade receivables at the reporting date was:

	2024					2023				
	Weighted average loss rate %	**Receivables**	**Impairment**	**Net carrying amount**	**Credit impaired**	Weighted average loss rate %	Receivables	Impairment	Net carrying amount	Credit impaired
Not Past due	**0.24%**	**1,316,989**	**3,190**	**1,313,799**	**No**	0.69%	1,127,260	7,743	1,119,517	No
Past due 1-90 days	**0.15%**	**47,219**	**73**	**47,146**	**No**	0.83%	48,137	398	47,739	No
Past due 91-360 days	**38.81%**	**11,078**	**4,299**	**6,779**	**No**	2.89%	11,477	331	11,146	No
More than one year	**100%**	**15,884**	**15,884**	**-**	**Yes**	100%	11,431	11,431	-	Yes
		1,391,170	**23,446**	**1,367,724**			1,198,305	19,903	1,178,402	

Movement in allowance for expected credit loss is as follows:

	2024	2023
	RO'000	RO'000
At 1 January	**19,903**	14,154
Provided during the year	**3,543**	5,749
At 31 December	**23,446**	19,903

Notes to the consolidated financial statements for the year ended 31 December 2024 (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 2024, no impairment allowance is recognised on bank balances as it is not material (2023: Nil).

As at 31 December 2024 the status of past due balances of financial assets are as follows:

31 December 2024	Carrying amount	Not due	Up to 90 days	Up to 360 days	Over 365 days	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Gross carrying amount:						
Due from related parties	**246,533**	**196,641**	**22,140**	**23,760**	**3,992**	**246,533**
Trade and other receivables	**1,550,844**	**1,413,014**	**90,540**	**32,715**	**14,575**	**1,550,844**
Concession receivables	**940,134**	**940,134**	-	-	-	**940,134**
Lease receivables	**217,540**	**217,540**	-	-	-	**217,540**
Contract assets	**117,787**	**117,787**	-	-	-	**117,787**
Cash and cash equivalents	**2,018,209**	**2,018,209**	-	-	-	**2,018,209**
Term deposits	**961,333**	**961,333**	-	-	-	**961,333**
Investments	**386**	**386**	-	-	-	**386**
Other financial asset	**97,220**	**97,220**	-	-	-	**97,220**
Derivatives	**103,179**	**103,179**	-	-	-	**103,179**
Other non-current assets	**33,976**	**33,976**	-	-	-	**33,976**
	6,287,141	**6,099,419**	**112,680**	**56,475**	**18,567**	**6,287,141**
31 December 2023						
Gross carrying amount:						
Due from related parties	329,238	297,992	15,906	2,269	13,071	329,238
Trade and other receivables	1,379,604	1,225,939	71,957	73,302	8,406	1,379,604
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	1,654,704	1,654,704	-	-	-	1,654,704
Term deposits	720,343	720,343	-	-	-	720,343
Investments	165	165	-	-	-	165
Derivatives	99,815	99,815	-	-	-	99,815
Other non-current assets	53,948	53,948	-	-	-	53,948
	5,510,540	5,325,629	87,863	75,571	21,477	5,510,540

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44. Financial risk management and fair value hierarchy (continued)

Credit risk (continued)

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 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 2024 and 2023 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 2024	**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	**2,914,981**	**3,665,234**	**409,340**	**336,333**	**1,815,101**	**1,104,460**
Lease liabilities	**226,435**	**351,222**	**2,692**	**63,194**	**100,056**	**185,280**
Other liabilities	**11,169**	**11,169**	-	-	**11,169**	-
Due to related parties	**1,044,809**	**1,044,809**	**1,044,809**	-	-	-
Trade and other payables	**1,376,882**	**1,376,882**	**1,376,882**	-	-	-
Commodity contracts	**62,129**	**5,414,691**	**3,205,647**	**1,163,723**	**1,045,321**	-
	5,636,405	**11,864,007**	**6,039,370**	**1,563,250**	**2,971,647**	**1,289,740**
31 December 2023						
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	1,082,248	-	-	-
Commodity contracts	14,980	3,315,694	2,675,015	640,679	-	-
Interest rate hedges	106	106	106	-	-	-
	5,885,916	10,061,971	5,000,738	1,523,378	2,045,892	1,491,963

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 2023 or 31 December 2024.

Non-derivative financial liabilities

During the year 2023, the Group has completed its transition to alternative benchmark rates for borrowing contracts and agreements referencing to USD LIBOR.

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 2024.

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.

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44. Financial risk management and fair value hierarchy (continued)

Market risk (continued)

Managing interest rate reform and associated risks (continued)

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	**2024**		2023	
	Average RO'000	**Year End RO'000**	Average RO'000	Year End RO'000
Trading VaR	**1,269**	**1,568**	1,379	742

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 2024 (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 2024		31 December 2023	
	Euro '000	**RO '000**	Euro '000	RO '000
Investments at fair value through profit and loss	**51**	**20**	51	21
Cash and bank	**1,072**	**429**	25,831	10,757
Trade and other receivables	**13,737**	**5,495**	58,293	24,276
Other payables	**49**	**20**	(184,145)	(76,686)
Gross / net exposure	**14,909**	**5,964**	(99,970)	(41,632)

	31 December 2024		31 December 2023	
	Average rate	**Spot rate**	Average rate	Spot rate
Foreign currency				
Euro	**0.4122**	**0.4000**	0.4164	0.4244

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)	
2024		2023	
Strengthening	**Weakening**	Strengthening	Weakening
RO'000	**RO'000**	RO'000	RO'000
2	**(2)**	(778)	778
2	**(2)**	(778)	778

Notes to the consolidated financial statements for the year ended 31 December 2024 (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 interest rate benchmark reform did not change the risk management strategy of the Group. 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 2024 (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	**100bps decrease RO'000**
2024		
Interest bearing liabilities	**3,189**	**(3,195)**
Interest rate swaps	**1,340**	**(1,340)**
	4,529	**(4,535)**
2023		
Interest bearing liabilities	3,561	(3,561)
Interest rate swaps	1,871	(1,871)
	5,432	(5,432)

At the reporting date the interest rate profile of the Group's variable interest-bearing financial instrument was:

	Nominal amount	
	2024 RO'000	2023 RO'000
Variable rate instruments		
Financial assets	**62,867**	-
Financial liabilities		
-Variable financial liabilities	**2,567,670**	3,289,400
-Effect of interest rates swap	**(1,028,710)**	(1,651,952)
	1,538,960	1,637,448

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.

44. Financial risk management and fair value hierarchy (continued)

Fair value measurement

The fair values of 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 2024			31 December 2023		
	RO'000 Level 1	**RO'000 Level 2**	**RO'000 Level 3**	RO'000 Level 1	RO'000 Level 2	RO'000 Level 3
Investments in equity securities (Note 16b)	-	-	**386**	-	-	165
Assets held for Sale (note 16 b)	-	-	**49,380**	-	-	49,380
Inventories (Note 19)	-	**344,037**	-	-	183,630	-
Derivatives held for trading - net (Note 21)	-	**8,724**	-	-	925	-
Cash flow hedges - net (Note 21)	-	**32,344**	-	-	83,804	-
	-	**385,105**	**49,766**	-	268,359	49,545

Movement in level 3 fair value is as follows:

	2024 RO'000	2023 RO'000
Balance as at 1 January	**165**	165
Fair value changes	**221**	-
Balance at 31 December	**386**	165

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44. Financial risk management and fair value hierarchy (continued)

Fair value hierarchy (continued)

Investments at fair value through profit or loss amounting to RO 0.386 million (2023: RO 0.165 million) are carried at fair value which approximates their cost. During the year ended 31 December 2024, there were no transfers between the levels for fair value measurement of the financial instruments held by the Group (2023: None).

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.

	2024	2023
	RO'000	RO'000
Interest bearing borrowings	**2,914,981**	3,596,263
Share capital	**3,556,447**	3,556,447
Share capital pending registration	**194**	194
Retained earnings	**1,752,268**	1,910,042
Statutory reserve	**669,379**	508,450
Other reserves	**445,003**	(14,743)
Total capital	**6,423,291**	5,960,390
Ratio of debt to equity (ratio)	**0.45**	0.60

Notes to the consolidated financial statements for the year ended 31 December 2024 (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 2024 RO'000	**Financing cash inflows RO'000**	**Financing cash outflows RO'000**	**Non-cash transactions ** RO'000**	**As at 31 December 2024 RO'000**
Loans and borrowings *	**3,596,263**	**667,266**	**(1,291,163)**	**(57,385)**	**2,914,981**
Lease Liabilities	**221,030**	**-**	**(57,678)**	**63,083**	**226,435**
Derivative	**(83,804)**	**72,985**	**-**	**(21,515)**	**(32,334)**

	At 1 Jan 2023 RO'000	Financing cash inflows RO'000	Financing cash outflows RO'000	Non-cash transactions RO'000	As at 31 December 2023 RO'000
Loans and borrowings*	4,096,374	588,710	(1,449,219)	360,398	3,596,263
Lease Liabilities	196,998	-	(35,052)	59,084	221,030
Derivative	(148,736)	83,017	-	(18,085)	(83,804)

* Includes interest payable and cashflows relating to the same.

** non – cash transaction includes reclassification balances due to held for sale.

Notes to the consolidated financial statements for the year ended 31 December 2024 (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.

Summarized statement of financial position

	Abraj		OQGN		OOMCO		OQEP		OQBI	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RO'000	RO'000	**RO'000**	RO'000	**RO'000**	RO'000	**RO'000**	RO'000	**RO'000**	RO'000
NCI Percentage	**49%**	49%	**49%**	49%	**51%**	51%	**25%**	0%	**49%**	0%
Current										
Assets	**76,933**	74,267	**63,338**	71,026	**179,765**	131,751	**514,426**	-	**224,928**	-
Liabilities	**(53,133)**	(47,349)	**(62,596)**	(71,597)	**(153,573)**	(88,248)	**(304,402)**	-	**(81,298)**	-
Total current net assets	**23,800**	26,918	**742**	(571)	**26,191**	43,503	**210,024**	-	**143,630**	-
Non-current										
Assets	**206,812**	202,204	**1,047,490**	1,030,658	**108,173**	103,324	**1,144,534**	-	**588,111**	-
Liabilities	**(84,292)**	(83,344)	**(422,402)**	(383,107)	**(48,127)**	(63,779)	**(442,178)**	-	**(404,156)**	-
Total non-current net assets	**122,520**	118,860	**625,088**	647,551	**60,046**	39,545	**702,356**	-	**183,955**	-
Net assets	**146,320**	145,778	**625,830**	646,980	**86,237**	83,048	**912,380**	-	**327,585**	-
Attributable to NCI	**71,697**	71,431	**306,657**	317,020	**43,981**	42,354	**228,095**	-	**160,517**	-

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

46. Non-controlling interests (continued)

Summarized statement of profit or loss and other comprehensive income

	Abraj		**OQGN**		**OOMCO**		**OQEP**		**OQBI**	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RO'000	RO'000	**RO'000**	RO'000	**RO'000**	RO'000	**RO'000**	RO'000	**RO'000**	RO'000
NCI Percentage	**49%**	49%	**49%**	49%	**51%**	51%	**25%**	0%	**49%**	0%
Revenue	**151,646**	144,346	**154,769**	161,643	**803,754**	819,267	**862,774**	-	**234,845**	-
Profit before tax	**19,959**	19,496	**56,577**	62,441	**7,010**	5,922	**318,672**	-	**32,214**	-
Income tax	**(3,089)**	(2,935)	**(8,781)**	(6,930)	**(1,941)**	(1,794)	**(2,779)**	-	**-**	-
Total comprehensive income	**16,870**	16,561	**47,796**	55,511	**5,069**	4,128	**315,893**	-	**21,075**	-
Total comprehensive income allocated to non-controlling interests	**8,266**	8,115	**23,420**	3,213	**2,585**	2,105	**12,339**	-		-
Dividends paid to non-controlling interests	**8,001**	7,548	**33,761**	-	**1,053**	1,645	**14,420**	-	**-**	-

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

46. Non-controlling interests (continued)

Summarized statement of cash flows

	Abraj		OQGN		OOMCO		OQEP		OQBI	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RO'000	RO'000	**RO'000**	RO'000	**RO'000**	RO'000	**RO'000**	RO'000	**RO'000**	RO'000
	49%	49%	**49%**	49%	**51%**	51%	**25%**	0%	**49%**	0%
Cash flows from operating activities										
Operating activities	**36,891**	32,570	**71,030**	90,655	**42,736**	15,115	**496,921**	-	**139,523**	-
Investing activities	**(26,199)**	(82)	**(34,575)**	(53,866)	**(3,864)**	(4,644)	**(233,866)**	-	**60,385**	-
Financing activities	**(13,290)**	(28,537)	**(44,410)**	(61,796)	**31,222**	3,067	**(349,665)**	-	**(57,128)**	-
Net change in cash and cash equivalents	**(2,598)**	3,951	**(7,955)**	(25,007)	**70,094**	13,538	**(86,610)**	-	**142,780**	-
At 1 January	**8,071**	4,120	**23,771**	48,778	**27,176**	13,777	**246,764**	-	**24,534**	-
Effect of exchange rate fluctuations on cash held	**-**	-	**-**	-	**62**	(139)	**-**	-	**-**	-
At 31 December	**5,473**	8,071	**15,816**	23,771	**97,332**	27,176	**160,154**	-	**167,314**	-

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

47. Operating segments

Basis for segmentation

The Group's organizational structure reflects various activities in which it is engaged. At 31 December 2024 and 2023, the Group had two reportable segments: Upstream and Downstream.

Upstream's activities include oil and natural gas exploration, field development and production; midstream transportation, storage and processing of oil and natural gas.

Downstream' s activities include the refining, manufacturing, marketing, transportation, and supply and trading of crude oil, petroleum, petrochemicals products and related services to wholesale and retail customers.

Other businesses and corporate mainly comprises of the Group's alternative energy, marketing, manufacturing and corporate activities worldwide. None of these segments met the quantitative thresholds for reportable segments in 2024 or 2023.

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 2024 (continued)

47. Operating segments (continued)

Information about reportable segments and reconciliation (continue)

2024 RO'000	Reportable segments		All other segment	Consolidation eliminations	Total
	Upstream	Downstream			
Segment revenue	1,443,610	14,464,604	430,789	(939,105)	15,399,898
Expenses excluding depreciation					
Cost of sales	(831,411)	(13,900,633)	(252,486)	939,105	(14,045,425)
Other operating expenditure (Net of other income and forex gain)	(3,641)	(158,231)	(86,466)	-	(248,338)
Depreciation & amortization	(283,020)	(243,185)	(21,337)	-	(547,542)
Share of profit (loss) of equity accounted investees	7,622	2,018	(25,979)	-	(16,339)
Investment Income	-	-	1,175	-	1,175
Reversal of impairment losses	-	262,890	(34,317)	-	228,573
Interest income	11,555	71,671	76,714	(119)	159,821
Interest expense	(13,436)	(178,480)	(59,584)	119	(251,382)
Profit before tax	331,279	320,653	28,509	-	680,441
Loss from Discontinued Operations	-	(104,676)	-	-	(104,676)
Taxation	(7,884)	(16,103)	(37,666)	-	(61,653)
Profit after tax	323,395	199,874	(9,157)	-	514,112
Segment assets	1,525,231	7,387,479	5,014,566	-	13,927,276
Segment liabilities	720,352	4,552,935	1,419,136	-	6,692,423
Investment in equity account investees					
Investment in associate	-	18,767	142,884	-	161,651
Investment in joint venture	10,647	544,149	206,176	-	760,972
Capital expenditure					
Oil and gas production and development assets	240,653	-	-	-	240,653
Exploration and evaluation (E&E) assets	11,027	-	-	-	11,027
Property, plant and equipment	-	140,174	-	-	140,174

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

47. Operating segments (continued)

Information about reportable segments and reconciliation (continued)

2023 RO'000	Reportable segments		All other segment	Consolidation eliminations	Total
	Upstream	Downstream			
Segment revenue	1,224,925	12,362,330	369,387	(828,587)	13,128,055
Expenses excluding depreciation					
Cost of sales	(330,100)	(11,355,617)	(94,166)	472,307	(11,307,576)
Other operating expenditure (Net of other income and forex gain)	254,604	(427,719)	(435,550)	355,646	(253,019)
Depreciation & amortization	(365,109)	(159,727)	(105,757)	634	(629,959)
Share of profit (loss) of equity accounted investees	-	(34,403)	110,225	-	75,822
Investment Income	-	-	301,449	-	301,449
Reversal of impairment losses	507	(2,302)	(4,360)	-	(6,155)
Interest income	10,274	39,216	55,043	72	104,605
Interest expense	(42,054)	(150,799)	(54,700)	(72)	(247,625)
Profit (loss) before tax	753,047	270,979	141,571	-	1,165,597
Profit / (Loss) from Discontinued Operations	-	(61,572)	-	-	(61,572)
Taxation	(87,083)	(14,182)	(33,110)	-	(134,375)
Profit after tax	665,964	195,225	108,461	-	969,650
Segment assets	2,788,062	7,336,302	2,676,055	-	12,800,419
Segment liabilities	1,453,868	4,903,797	50,304	-	6,407,969
Investment in equity account investees					
Investment in associate	-	16,484	165,968	-	182,452
Investment in joint venture	-	502,079	203,767	-	705,846
Capital expenditure					
Oil and gas production and development assets	238,757	-	-	-	238,757
Exploration and evaluation (E&E) assets	1,179	-	-	-	1,179
Property, plant, and equipment	-	294,510	-	-	294,510

47. Operating segments (continued)

Information about reportable segments and reconciliation (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**	
	2024	**2023**	**2024**	**2023**
	RO'000	**RO'000**	**RO'000**	**RO'000**
Revenue	**2,568,342**	**2,499,702**	12,831,556	10,628,353
Non-current assets	**7,292,306**	**7,136,529**	282,429	729,140

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:

	2024	2023
	RO'000	RO'000
Europe	**1,116,541**	568,899
America	**538,911**	882,926
APAC (Asia-Pacific)	**7,594,948**	6,408,501
Middle east	**5,670,098**	4,788,831
Rest of the world	**479,400**	478,898
	15,399,898	13,128,055

Group has not identified major customers at a group level during year ended 31 December 2024 and 31 December 2023.

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 19th March 2025.