OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

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

Registered office & principle place of business
Madinat Al Erfaan (Muscat Hills)
P O Box 92
Postal code 116
Sultanate of Oman

OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

Report of separate and consolidated financial statements
For the year ended 31 December 2023

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KPMG LLC
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
Tel. +968 24 749600, www.kpmg.com/om

Independent auditors' report

To the Shareholders of Oman Oil Marketing Company SAOG

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Oman Oil Marketing Company SAOG ("the Parent Company") and its subsidiaries ("the Group"), which comprise the consolidated and separate statement of financial position as at 31 December 2023, the consolidated and separate 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 and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Parent Company as at 31 December 2023, and its consolidated and separate financial performance and its consolidated and separate 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 and Separate Financial Statements* section of our report. We are independent of the Group and the Parent Company in accordance with International Ethics Standards Board for Accountants *International* Code of Ethics for Professional Accountants *(including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate 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 and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate 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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Tax Card No. 8063052

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Key Audit Matters (continued)

Revenue Recognition

See note 3 and note 22 to the consolidated and separate financial statements.

The key audit matter	How the matter was addressed in our audit
Total revenue recognized during the year by the Parent company amounted to RO 727.473 Million and the Group amounted to RO 819.266 Million. Revenue from the sale of goods is based on the consideration specified in a contract with the customer and is recognised when the control over good or service have been transferred to the buyer. There is a significant risk of misstatement in recognition and measurement of revenue. We identified the recognition of revenue as a key audit matter, because of the voluminous transactions to various customers across the country. The potential errors in the timing and accuracy of revenue recognition at the parent company and Group, could result in material misstatements in the financial statements of the parent company and Group when it recognises revenue.	Our audit approach included a combination of test of controls and substantive procedures, in particular, the following: - Understand the significant revenue processes and identified the relevant controls, IT systems. interfaces and reports; - Understand the control environment and tested the general IT controls over the main systems and applications involved in the revenue recording process; - Assessed the appropriateness of the Group's revenue recognition accounting policies including compliance with the relevant IFRS. - Performed test of controls on a sample basis to reconcile the daily sales to the cash collections and the subsequent bank deposits. - Performed substantive analytical procedures over significant revenue streams by building expectations of sales on the basis of quantities sold regulated prices and contractual agreements with the customers; - Performed test of details to verify accuracy of sales transactions on a sample basis; - Performed sales cut-off procedures and selected a sample of invoices before and after year-end to test whether sales are recorded in the appropriate period.

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Other Information

Management is responsible for the other information. The other information comprises the Chairman's Report, the Corporate Governance Report and Management Analysis Report, but does not include the consolidated and separate financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated and separate 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 and separate 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 and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and Parent Company'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 the Parent Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 and separate 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 and separate 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.

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

- 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 and the Parent Company'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 or the Parent Company'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 and separate 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 or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate 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.

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Report on Other Legal and Regulatory Requirements

Further, we report that consolidated and separate financial statements of the Group and the Parent Company as at and for the year ended 31 December 2023, comply, in all material respects, with the:

- relevant disclosure requirements of the Capital Market Authority; and
- applicable provisions of the Commercial Companies Law of 2019.

KPMG

Mobeen Chaudhri

12 March 2024

KPMG LLC

KPMG
KPMG LLC
Children's Public Library Building
4th floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
CR.No: 1358131

OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

Parent company and consolidated statement of financial position
As at 31 December 2023

		Group		Parent	
		2023	2022	**2023**	2022
	Notes	**RO**	RO	**RO**	RO
ASSETS					
Non-current assets					
Property, plant and equipment	**5**	**53,629,249**	54,869,466	**38,135,439**	40,330,336
Right-of-use assets	**6**	**47,356,419**	38,973,167	**17,809,872**	16,516,995
Investment in subsidiaries	**7**	**-**	-	**20,932,106**	23,495,335
Other investments	**9**	**316,613**	-	**316,613**	-
Deferred tax assets	**18**	**2,021,227**	1,723,524	**2,021,227**	1,723,524
Total non-current assets		**103,323,508**	95,566,157	**79,215,257**	82,066,190
Current assets					
Inventories	**10**	**8,709,265**	15,080,482	**6,398,189**	4,542,884
Trade and other receivables	**11**	**92,152,825**	90,376,174	**91,339,611**	86,260,733
Prepayments	**21**	**3,712,744**	11,505,803	**821,661**	704,941
Derivative financial instruments	**20**	**-**	269,305	**-**	-
Cash and cash equivalents	**12**	**27,176,275**	13,777,568	**22,600,449**	9,340,468
		131,751,109	131,009,332	**121,159,910**	100,849,026
Investment held for sale	**9**	**-**	316,613	**-**	316,613
Total current assets		**131,751,109**	131,325,945	**121,159,910**	101,165,639
Total assets		**235,074,617**	226,892,102	**200,375,167**	183,231,829
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	**13**	**6,450,000**	6,450,000	**6,450,000**	6,450,000
Legal reserve	**14**	**2,150,000**	2,150,000	**2,150,000**	2,150,000
Foreign currency translation reserve	**14**	**(349,520)**	-	**-**	-
Retained earnings		**74,796,670**	73,893,439	**74,796,670**	73,893,439
Total equity		**83,047,150**	82,493,439	**83,396,670**	82,493,439
Non-current liabilities					
Lease liabilities	**6**	**43,558,035**	32,887,868	**15,470,986**	12,742,117
Bank borrowings	**17**	**20,000,000**	-	**20,000,000**	-
Employees end-of-service benefits	**15**	**221,014**	198,620	**209,346**	187,072
Total non-current liabilities		**63,779,049**	33,086,488	**35,680,332**	12,929,189
Current liabilities					
Trade and other payables	**16**	**79,560,563**	92,851,532	**74,132,646**	70,212,337
Bank borrowings	**17**	**1,033,508**	10,000,000	**-**	10,000,000
Advance from customers		**1,753,052**	1,506,427	**1,753,052**	1,506,427
Lease liabilities	**6**	**3,488,130**	4,459,257	**3,076,887**	3,669,467
Current tax liabilities	**18**	**2,212,920**	2,294,714	**2,135,335**	2,220,725
Environmental provision	**19**	**200,245**	200,245	**200,245**	200,245
Total current liabilities		**88,248,418**	111,312,175	**81,298,165**	87,809,201
Total liabilities		**152,027,467**	144,398,663	**116,978,497**	100,738,390
Total equity and liabilities		**235,074,617**	226,892,102	**200,375,167**	183,231,829
Net assets per share	**30**	**1.288**	1.279	**1.293**	1.279

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 10 March 2024 and signed on their behalf by:

Chairman **Chief Executive Officer**

OMAN OIL MARKETING CO. S.A.O.G. C.R. NO. 1/06555/7 P.O. Box: 92, PC: 116, MINA AL FAHAL

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

OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

Parent company and consolidated statement of profit or loss
For the year ended 31 December 2023

		Group		Parent	
		2023	2022	**2023**	2022
	Notes	**RO**	RO	**RO**	RO
Revenue	**22**	**819,266,896**	801,680,700	**727,473,138**	720,813,917
Other income		**4,160,010**	3,326,170	**2,484,922**	2,325,371
Cost of material consumed and goods sold		**(767,631,987)**	(753,246,407)	**(684,144,533)**	(678,297,904)
Staff costs	**25**	**(7,735,946)**	(6,604,592)	**(6,882,005)**	(6,281,838)
Depreciation and impairment of of property, plant and equipment	**5**	**(6,531,274)**	(6,729,329)	**(5,897,973)**	(6,202,286)
Depreciation on right of use assets	**6**	**(6,047,616)**	(5,029,558)	**(4,206,657)**	(4,002,789)
Other operating expenses	**26**	**(25,660,141)**	(21,394,810)	**(15,437,237)**	(14,763,293)
Impairment loss on financial assets	**11**	**(324,614)**	(1,770,660)	**(234,795)**	(1,741,876)
Operating profit		**9,495,328**	10,231,514	**13,154,860**	11,849,302
Share of loss from subsidiaries	**7**	**-**	-	**(5,277,342)**	(2,379,846)
Impairment on investment available for sale	**9**	**-**	(134,904)	**-**	(134,904)
Finance income	**23**	**694,929**	837,804	**756,764**	837,804
Finance cost on borrowings	**23**	**(1,862,534)**	(1,062,295)	**(1,862,534)**	(1,062,295)
Finance cost on lease liabilities	**6**	**(2,405,456)**	(1,469,260)	**(953,239)**	(828,305)
Profit before tax		**5,922,267**	8,402,859	**5,818,509**	8,281,756
Income tax	**18**	**(1,794,036)**	(1,498,706)	**(1,690,278)**	(1,377,603)
Profit after tax for the year		**4,128,231**	6,904,153	**4,128,231**	6,904,153
Basic and diluted earnings per share (Bz)	**29**	**64**	107	**64**	107

Parent company and consolidated statement of other comprehensive income
For the year ended 31 December 2023

		Group		Parent	
		2023	2022	**2023**	2022
	Notes	**RO**	RO	**RO**	RO
Net profit for the year		**4,128,231**	6,904,153	**4,128,231**	6,904,153
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Foreign operations - foreign currency translation differences		**(349,520)**	-	**-**	-
Other comprehensive loss for the year		**(349,520)**	-	**-**	-
Total comprehensive income for the year		**3,778,711**	6,904,153	**4,128,231**	6,904,153
Comprehensive income attributable to					
- Owners of the Company		**3,778,711**	6,904,153	**4,128,231**	6,904,153
- Non-controlling interests		**-**	-	**-**	-
		3,778,711	6,904,153	**4,128,231**	6,904,153

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

OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

Parent company and consolidated statement of changes in equity
For the year ended 31 December 2023

Group	Share capital	Legal reserve	Foreign currency translation reserve	Retained earnings	Total
	RO	RO	RO	RO	RO
At 1 January 2022	6,450,000	2,150,000	-	69,569,286	78,169,286
Profit and total comprehensive income for the year			-	6,904,153	6,904,153
Transactions with owners of the company					
- Dividends	-	-	-	(2,580,000)	(2,580,000)
At 31 December 2022	**6,450,000**	**2,150,000**	**-**	**73,893,439**	**82,493,439**
At 1 January 2023	**6,450,000**	**2,150,000**	**-**	**73,893,439**	**82,493,439**
Profit for the year	**-**	**-**	**-**	**4,128,231**	**4,128,231**
Other comprehensive loss for the year	**-**	**-**	**(349,520)**	**-**	**(349,520)**
Transactions with owners of the company					
- Dividends (Refer note 27)	**-**	**-**	**-**	**(3,225,000)**	**(3,225,000)**
At 31 December 2023	**6,450,000**	**2,150,000**	**(349,520)**	**74,796,670**	**83,047,150**

Parent	Share capital	Legal reserve	Foreign currency translation reserve	Retained earnings	Total
	RO	RO	RO	RO	RO
At 1 January 2022	6,450,000	2,150,000	-	69,569,286	78,169,286
Profit and total comprehensive income for the year			-	6,904,153	6,904,153
Transactions with owners of the company					
- Dividends	-	-	-	(2,580,000)	(2,580,000)
At 31 December 2022	**6,450,000**	**2,150,000**	**-**	**73,893,439**	**82,493,439**
At 1 January 2023	**6,450,000**	**2,150,000**	**-**	**73,893,439**	**82,493,439**
Profit and total comprehensive income for the year			**-**	**4,128,231**	**4,128,231**
Transactions with owners of the company					
- Dividends (Refer note 27)	**-**	**-**	**-**	**(3,225,000)**	**(3,225,000)**
At 31 December 2023	**6,450,000**	**2,150,000**	**-**	**74,796,670**	**83,396,670**

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

OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

Parent company and consolidated statement of cash flows
For the year ended 31 December 2023

		Group		Parent	
	Notes	**2023** **RO**	2022 RO	**2023** **RO**	2022 RO
Cash flows from operating activities					
Profit before income tax		**5,922,267**	8,402,859	**5,818,509**	8,281,756
Adjustments for:					
Impairment of investment available for Sale		**-**	134,904	**-**	134,904
Share of loss from subsidiaries		**-**	-	**5,277,342**	2,379,846
Depreciation and impairment	**5**	**6,531,274**	6,729,329	**5,897,973**	6,202,286
Depreciation on right-of-use assets	**6**	**6,047,616**	5,029,558	**4,206,657**	4,002,789
(Gain)/loss on sale of property, plant & equipment		**29,255**	13,476	**29,255**	13,476
Provision for end-of-service benefits	**15**	**62,269**	45,170	**55,808**	40,103
Allowance for slow-moving and obsolete inventory	**10**	**(7,337)**	158,303	**(67,125)**	116,694
Inventory written off	**10**	**(61,332)**	-	**-**	-
Debtors written off	**11**	**(24,115)**	(31,537)	**-**	(31,537)
Allowance for impaired debts	**11**	**324,614**	1,770,660	**234,795**	1,741,876
Interest income	**23**	**(694,929)**	(837,804)	**(756,764)**	(837,804)
Currency translation differences		**(244,305)**	-	**-**	-
Finance cost on borrowings	**23**	**1,862,534**	1,062,295	**1,862,534**	1,062,295
Finance cost on lease liability	**6**	**2,405,456**	1,469,260	**953,239**	828,305
Operating profit before working capital changes		**22,153,267**	23,946,473	**23,512,223**	23,934,989
Changes in working capital:					
Inventories		**6,439,886**	(8,587,606)	**(1,788,180)**	(1,339,379)
Trade & other receivables and prepayment		**5,715,909**	(33,927,982)	**(2,334,959)**	(8,753,178)
Trade & other payables and advance from customers		**(12,775,039)**	26,068,423	**3,398,757**	6,391,301
Cash generated from operations		**21,534,023**	7,499,308	**22,787,841**	20,233,733
Finance cost paid on borrowings	**23**	**(1,862,534)**	(1,062,295)	**(1,862,534)**	(1,062,295)
Finance cost paid on lease liability	**6**	**(2,405,456)**	(1,469,260)	**(953,239)**	(828,305)
End of service benefits paid	**15**	**(39,875)**	(126,098)	**(33,534)**	(126,098)
Income tax paid		**(2,173,533)**	(1,136,508)	**(2,073,371)**	(1,063,564)
Net cash from operating activities		**15,052,625**	3,705,147	**17,865,163**	17,153,471
Cash flows from investing activities					
Interest income received	**23**	**694,929**	837,804	**756,764**	837,804
Investment in subsidiaries		**-**	-	**(1,945,936)**	(9,108,760)
Proceeds from sale of property, plant & equipment		**141,693**	17,096	**52,835**	17,096
Acquisition of property, plant and equipment	**5**	**(5,480,373)**	(4,855,567)	**(3,785,166)**	(3,816,112)
Net cash used in investing activities		**(4,643,751)**	(4,000,667)	**(4,921,503)**	(12,069,972)
Cash flows from financing activities					
Net proceeds from borrowings	**32**	**11,033,508**	10,000,000	**10,000,000**	10,000,000
Repayment of lease liability	**6**	**(4,783,628)**	(6,221,061)	**(3,363,245)**	(4,264,650)
Payments made on behalf of the subsidiaries		**-**	-	**(102,558)**	(8,361,283)
Interest bearing shareholder loan to subsidiary		**-**	-	**(2,992,876)**	-
Dividends paid		**(3,225,000)**	(2,580,000)	**(3,225,000)**	(2,580,000)
Net cash from/(used in) financing activities		**3,024,880**	1,198,939	**316,321**	(5,205,933)
Net increase/(decrease) in cash and cash equivalents		**13,433,754**	903,419	**13,259,981**	(122,434)
Cash and cash equivalents at the beginning of the year		**13,777,568**	12,874,149	**9,340,468**	9,462,902
Effect of exchange rate fluctuations on cash held		**(35,047)**	-	**-**	-
Cash and cash equivalents at the end of the year	**12**	**27,176,275**	13,777,568	**22,600,449**	9,340,468

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

Notes to the parent company and consolidated financial statements
For the year ended 31 December 2023

1 Legal status and principal activities

Oman Oil Marketing Company SAOG (the "Company" or "Parent") is registered in the Sultanate of Oman as a public joint-stock company and is primarily engaged in the marketing and distribution of petroleum products. The Company's primary listing is on the Muscat Stock Exchange (MSX), Sultanate of Oman.

The accounts of the Company are consolidated in the financial statements of OQ SAOC (the Holding Company), a closed joint-stock company registered in the Sultanate of Oman. OQ SAOC is wholly owned by the Oman Investment Authority (OIA - the ultimate parent company). OIA is the investment company of the Government of Sultanate of Oman.The Company has entered into a 'Trademark License Agreement' with the Holding Company dated 22 September 2003 for the right to use the trademark 'Oman Oil,' in exchange for an annual fee of 0.09% of all fuel sales.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"), the details of which are set out in Note 3 to the consolidated financial statements. The separate financial statements represent the Company's financial statements on a standalone basis. The consolidated and separate financial statements are collectively referred to as 'the financial statements.'

2 Application of new and revised International Financial Reporting Standards (IFRS)

2.1 a. New standards or amendments for 2023 and forthcoming requirements

A number of new standards, amendments to standards and interpretations are effective for the periods beginning on or after 1 January 2023. Those, which are relevant to the Group, are set out below.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2.
- Definition of Accounting Estimate - Amendments to IAS 8.
- Pillar two model rules - Amendments to IAS 12.

The above standards and amendments do not have any material impact on the financial statements except as a result of the amendment to IAS 1, only the material accounting policies have been disclosed.

b. New and revised IFRS in issue but not yet effective

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

- Amendments to IAS 1, Classification of liabilities as current or non-current and non-current liabilities with covenants. Effective date of this amendment is for annual periods beginning on or after 1 January 2024;
- Amendment to IAS 7 and IFRS 7, Supplier Finance Arrangements. Effective date of this amendment is for annual periods beginning on or after 1 January 2024; and
- Amendments to IFRS 16, Lease liability in a sale and leaseback. Effective date of this standard is annual periods beginning on or after 1 January 2024.

3 Summary of material accounting policies

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The material accounting policies are summarised below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

3.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, disclosure requirements of the Commercial Companies Law and Capital Market Authority of the Sultanate of Oman.

Preparing financial statements in conformity with IFRS requires specific critical accounting estimates. In applying the Group's accounting policies, management has used its judgments and made estimates in determining the amounts recognised in the financial statements. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements as disclosed in Note 4 to the financial statements.

The financial statements are prepared under the historical cost convention except for the derivative financial instruments and investment held for sale. The financial statements have been presented in Rial Omani ("RO"), which is also the functional currency of the Company.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3 Summary of material accounting policies (continued)

3.1 Basis of preparation (continued)

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

3.2 Basis of consolidation

The financial statements comprise the financial statements of the Parent and its subsidiaries as at 31 December 2023.

Subsidiary companies	**Shareholding percentage**		**Country of incorporation**	**Principal activities**
	2023	**2022**		
Oman Oil Marketing Company LLC	**100%**	100%	Kingdom of Saudi Arabia	Marketing & distribution of petroleum products
Ahlain International LLC	**100%**	100%	Sultanate of Oman	Retail convenience stores and related operations
Sultanate Energy Company Limited	**100%**	100%	United Republic of Tanzania	Marketing and distribution of petroleum products
Duqm Bunker Terminal LLC	**100%**	100%	Sultanate of Oman	Marketing and distribution of bunker petroleum products

Subsidiaries

The financial statements comprise the Company and each of its subsidiaries as at 31 December 2023. Subsidiaries are all entities over which the Group exercises control. Control is achieved when the Company 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 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. 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 Group's control until the date the Group ceases to control the subsidiary.

3 Summary of material accounting policies (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. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into 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.

The Company accounts for its investment in subsidiaries based on the equity method for its separate financial statements.

3.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted as separate items of property, plant and equipment.

Certain items of property, plant and equipment are subject to overhauls at regular intervals. The inherent components of the initial overhaul are determined based on the estimated costs of the next overhaul and are separately depreciated in order to reflect the estimated intervals between two overhauls. The costs of the overhauls subsequently incurred are capitalised as additions and the carrying amounts of the replaced components are written off to the profit or loss. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment and can be measured reliably. All other expenditure is recognised in the statement of comprehensive income as an expense when incurred.

The cost of the property, plant and equipment is written down to residual value in equal instalments over the estimated useful lives of the assets. The estimated useful lives are:

	Years
Buildings	2 to 40
Plant and equipment	5 to 40
Vehicle, furniture and computers	4 to 8

Capital work-in-progress are carried at cost less any recognised impairment loss and is not depreciated until it is transferred into one of the asset categories, which occurs when the asset is ready for use.

At the end of each reporting period, the assets' residual values and useful lives are reviewed and adjusted if appropriate. The carrying amount of an asset is more significant than its estimated recoverable amount. It is written down immediately to its recoverable amount.

Gains and losses on property disposals, plants and equipment are determined by comparing the proceeds with the carrying amounts and are taken into account in determining operating profit.

3.4 Business combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set can produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

3 Summary of material accounting policies (continued)

3.4 Business combination (continued)

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in statement of profit or loss and other comprehensive income immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised as statement of profit or loss and other comprehensive income.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, another contingent consideration is remeasured at fair value at each reporting date, and subsequent changes in the fair value of the contingent consideration are recognised in statement of profit or loss and other comprehensive income.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards). In that case, all or a portion of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary. Any resulting gain or loss is recognised in statement of profit or loss and other comprehensive income. Any interest retained in the former subsidiary is measured at fair value when lost control.

Transactions eliminated on consolidation

Intra-group balances and transactions are eliminated, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arise from intra-group transactions. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.5 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. The asset's recoverable amount is estimated if any such indication exists.

For impairment testing, assets are grouped into the smallest that generate cash inflows from continuing use, largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination, if any is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount or CGU is more significant than its value in use and its fair value fewer disposal costs. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.
Impairment losses are recognised in statement of profit or loss and other comprehensive income. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization if no impairment loss had been recognised.

3.6 Asset 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 disposals 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 groups 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 statement of profit and loss and other comprehensive income.

3 Summary of material accounting policies (continued)

3.6 Asset held for sale (continued)

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.

If an entity initially classifies an asset as held for sale and subsequently reclassifies it as asset held for use, should be measured at lower of ;

- its carrying amount before the asset was classified as held for sale adjusted for any depreciation, amortizaton or revaluations that would have been recognised had the asset not been classified as held for sale and
- its recoverable amount at the date of the susequent decision not to sell.

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, and are determined as follows:
- Inventories are purchase at cost on a first-in-first-out basis

Net realisable value is based on estimated selling price, less any further costs expected to be incurred to completion and disposal.

3.8 Financial assets

Initial recognition and measurement

At initial recognition, the classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through statement of profit or loss and other comprehensive income, transaction costs. Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Trade receivables without a significant financing component are initially measured at the transaction price.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to managing its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Financial assets are not reclassified after their initial recognition unless the Group changes its business model for managing financial assets. All affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables and cash and cash equivalents.

3 Summary of material accounting policies (continued)

3.8 Financial assets (continued)

Impairment of financial assets

The Group has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses for calculating impairment of trade receivables including due from related parties. The Group has established a provision matrix based on the Group's historical credit loss experience as adjusted for forward-looking factors.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

– significant financial difficulty of the debtor;
– a breach of contract such as a default or being more than 90 days past due;
– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.

Other financial assets at amortised costs

Other financial assets at amortised costs include other receivables. Other financial assets at amortised costs are considered to have low credit risks, and the loss allowance considered is limited to twelve months expected loss.

Derecognition

Financial assets

The Group derecognises a financial asset when: – the contractual rights to the cash flows from the financial asset expire; or – it transfers the rights to receive the contractual cash flows in a transaction in which either:

- substantially all of the risks and rewards of ownership of the financial asset are transferred; or

- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized 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 statement of profit or loss and other comprehensive income.

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 due to 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 updated 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.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts, and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.9 Cash and cash equivalents

For the purpose of consolidated statement of cash flow and consolidated statement of financial position, cash and cash equivalents include cash on hand and at bank with a maturity of less than 3 months from the date of placement, net of bank overdrafts, if any.

3 Summary of material accounting policies (continued)

3.10 Borrowings

All loans and borrowings are initially recognised at a cost less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Instalments due within one year at amortised cost are shown as a current liability. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised and the amortisation process. Interest costs are recognised as expenses when incurred except those that qualify for capitalisation. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized 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 statement of profit or loss and other comprehensive income.

3.11 Provisions

Provisions are recognised by the Group when there is a legal or constructive obligation resulting from a past event. An outflow of economic benefits will probably be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Due to the passage of time, the provision increase is recognised as an interest expense.

3.12 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are deducted against the share capital account, net of any tax effects. Where the Company's ordinary shares are repurchased (treasury shares), the consideration paid, excluding any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders and presented as reserve for own shares within equity, until they are cancelled, sold or reissued.

3.14 Dividend distribution

The Board of directors adopts a prudent dividend policy, which complies with regulatory requirements applicable in the Sultanate of Oman. Dividends are distributed in accordance with the Company's Memorandum of Association and are subject to the approval of shareholders. Dividend distribution to the Company's shareholders is recognised as a liability in the Company's separate financial statements only in the period in which the Company's shareholders approve the dividends.

3.15 Revenue recognition

Revenue from contracts with customers

The Group's principal activity is selling fuel, lubricants and petroleum products. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the Group's consideration to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of fuel, lubricants and petroleum products

Revenue from the sale of fuel, lubricants and petroleum products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. The normal credit terms are 30 to 90 days upon delivery/receipt. The Group considers whether other promises in the contract are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of products, the Group considers the effects of variable consideration.

3 Summary of material accounting policies (continued)

3.15 Revenue recognition (continued)

Volume rebate

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the future expected rebates, the group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimated variable consideration and recognises a refund liability for the expected future rebates.

Loyalty points programme

The Group has a loyalty program, Basma, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer. When estimating the stand-alone selling price of the loyalty points, the Group considers the customer's likelihood to redeem the points. The Group updates its estimate of the points redeemed quarterly and any adjustments to that contract liability balance are charged against revenue. Loyalty reward points are valid for one year from the date of earning.

3.16 End-of-service benefits

Obligations for contributions to a defined contribution retirement plan, for Omani employees, in accordance with the Omani Social Insurance Scheme, are recognised as an expense in the statement of profit and loss and other comprehensive income. The Company's obligation in respect of non-Omani employees' terminal benefits is the amount of future benefit that such employees have earned in return for their service in the current and prior periods having regard to the employee contract and Oman Labour Law 2023, as amended.

In accordance with the provisions of IAS 19, Employee benefits, management carries an exercise to assess the present value of the Company's obligations as of reporting date, using the actuarial techniques, in respect of employees' end of service benefits payable under the Oman aforesaid Labour Law. Under this method, an assessment is made of an employee's expected service life with the Company and the expected basic salary at the date of leaving the service.

3.17 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's functional currency (RO) at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to RO at the average exchange rates for the year. Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the 'foreign currency translation reserve' in equity. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of gain or loss on disposal.

3.18 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3 Summary of material accounting policies (continued)

3.19 Other income

Other income includes all income except the sale of fuel. This may include rental income, dividend income, gain on the sale of fixed assets, or any other miscellaneous income.

3.20 Leases

The Group as a lessee

Right-of-use assets

The right-of-use assets are presented as a separate note line item in the property, plant and equipment. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy. Depreciation is calculated on a straight line basis over the lease term unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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 interest rate implicit in the lease or, if that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments included in the measurement of the lease liability comprise of fixed lease payments (including in-substance fixed payments), less any lease incentives, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early. The lease liability is presented as a line item in the statement of financial position.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures 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 revised 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.

3 Summary of material accounting policies (continued)

3.20 Leases (continued)

The Group as lessor

Leases for which the Group is a lessor are classified as operating leases since the terms of the lease does not transfer substantially all the risks and rewards of ownership to the lessee. 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 charged to operating expenses. When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component. The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.21 Income tax

Current tax

Income tax comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is calculated using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary difference when they reverse, based on the laws that have been enacted or substantially enacted at the reporting date.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset as there is a legally enforceable right to offset these in Oman.

3.22 Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by adjusting the basic earnings per share for the effects of all dilutive potential ordinary shares. The Group does not have any potentially dilutive shares at the reporting date.

3.23 Net asset per share

Net assets per share is calculated by dividing the net assets attributable to the ordinary shareholders of the Company by the ordinary shares outstanding at the reporting date.

4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are set out below.

4 Critical accounting estimates and judgements (continued)

4.1 Key sources of estimation uncertainty

Impairment of receivables
When measuring ECL, the Group uses reasonable and supportable forward-looking information based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The probability of default constitutes a key input in measuring an ECL and entails considerable judgment; it is an estimate of the likelihood of default over a given time horizon, the calculation of which involves historical data, assumptions and expectation of future conditions, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign the probability of default to various categories of receivables. (Refer note 11)

At the reporting date, net carrying value of trade receivables were RO 92,152,825 (2022: RO 90,376,174) and the provision for expected credit loss was RO 5,545,002 (2022: RO 5,244,503). Any difference between the amounts actually realised in future periods and the amounts expected to be realised will be recognised in the statement of comprehensive income.

5a. Property, plant and equipment

Group

	Land and buildings	Plant equipment and vehicles	Assets under construction*	Total
	RO	RO	RO	RO
Cost				
At 1 January 2022	42,210,699	64,328,731	2,867,530	109,406,960
Additions	-	-	4,855,567	4,855,567
Transfers	2,065,415	2,376,149	(4,441,564)	-
Disposals	(258,373)	(800,137)	-	(1,058,510)
At 31 December 2022	**44,017,741**	**65,904,743**	**3,281,533**	**113,204,017**
Additions	**-**	**-**	**5,480,373**	**5,480,373**
Transfers	**1,692,536**	**3,117,540**	**(4,810,076)**	**-**
Currency translation adjustment	**(8,876)**	**(10,014)**	**(3,583)**	**(22,473)**
Disposals	**(126,075)**	**(819,919)**	**(49,931)**	**(995,925)**
At 31 December 2023	**45,575,326**	**68,192,350**	**3,898,316**	**117,665,992**
Accumulated depreciation and impairment				
At 1 January 2022	11,862,471	40,770,689	-	52,633,160
Charge for the year	2,128,792	4,600,537	-	6,729,329
Disposals	(246,233)	(781,705)	-	(1,027,938)
At 31 December 2022	**13,745,030**	**44,589,521**	**-**	**58,334,551**
Charge for the year	**2,087,791**	**3,922,067**	**-**	**6,009,858**
Disposals	**(63,797)**	**(761,180)**	**-**	**(824,977)**
Provision for impairment **	**-**	**521,416**	**-**	**521,416**
Currency translation adjustment	**(1,505)**	**(2,600)**		**(4,105)**
At 31 December 2023	**15,767,519**	**48,269,224**	**-**	**64,036,743**
Carrying value				
At 31 December 2023	**29,807,807**	**19,923,126**	**3,898,316**	**53,629,249**
At 31 December 2022	30,272,711	21,315,222	3,281,533	54,869,466

Notes

* Assets under construction mainly includes the capital investment dedicated to service stations which are currently under various stages of construction and value of related assets.

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

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5b. Property, plant and equipment

Parent

	Land and buildings	Plant equipment and vehicles	Assets under construction	Total
	RO	RO	RO	RO
Cost				
At 1 January 2022	37,857,697	56,627,408	689,744	95,174,849
Additions	-	-	3,816,112	3,816,112
Transfers	1,026,633	1,905,862	(2,932,495)	-
Disposals	(258,373)	(800,137)	-	(1,058,510)
At 31 December 2022	**38,625,957**	**57,733,133**	**1,573,361**	**97,932,451**
Additions	**-**	**-**	**3,785,166**	**3,785,166**
Transfers	**780,457**	**2,668,972**	**(3,449,429)**	**-**
Disposals	**(126,075)**	**(756,739)**	**-**	**(882,814)**
At 31 December 2023	**39,280,339**	**59,645,366**	**1,909,098**	**100,834,803**
Accumulated depreciation and impairment				
At 1 January 2022	11,831,322	40,596,445	-	52,427,767
Charge for the year	1,972,392	4,229,894	-	6,202,286
Disposals	(246,233)	(781,705)	-	(1,027,938)
At 31 December 2022	**13,557,481**	**44,044,634**	**-**	**57,602,115**
Charge for the year	**1,866,885**	**3,509,672**	**-**	**5,376,557**
Disposals	**(63,797)**	**(736,927)**	**-**	**(800,724)**
Provision for impairment	**-**	**521,416**	**-**	**521,416**
At 31 December 2023	**15,360,569**	**47,338,795**	**-**	**62,699,364**
Carrying value				
At 31 December 2023	**23,919,770**	**12,306,571**	**1,909,098**	**38,135,439**
At 31 December 2022	25,068,476	13,688,499	1,573,361	40,330,336

Notes

* Assets under construction mainly includes the capital investment dedicated to service stations which are currently under various stages of construction and value of related assets.

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

6. Right of use assets and lease liability

6.1 Right of use assets

Group	**Leasehold land**	**Offices**	**Total**
	RO	**RO**	**RO**
At 1 January 2022	22,530,091	2,054,027	24,584,118
Additions	18,974,662	443,945	19,418,607
Less: depreciation	(4,693,281)	(336,277)	(5,029,558)
At 31 December 2022	**36,811,472**	**2,161,695**	**38,973,167**
Additions	**15,327,845**	**-**	**15,327,845**
Re-measurement of right of use assets	**(757,261)**	**-**	**(757,261)**
Less: depreciation	**(5,743,206)**	**(304,410)**	**(6,047,616)**
Currency translation adjustment	**(139,716)**	**-**	**(139,716)**
At 31 December 2023	**45,499,134**	**1,857,285**	**47,356,419**

Parent			
	RO	**RO**	**RO**
At 1 January 2022	13,812,125	2,011,617	15,823,742
Additions	4,696,042	-	4,696,042
Less: depreciation	(3,713,758)	(289,031)	(4,002,789)
At 31 December 2022	**14,794,409**	**1,722,586**	**16,516,995**
Additions	**5,499,534**	**-**	**5,499,534**
Less: depreciation	**(3,957,442)**	**(249,215)**	**(4,206,657)**
At 31 December 2023	**16,336,501**	**1,473,371**	**17,809,872**

6.2 Lease liabilities

	Group		**Parent**	
Group and Parent	**2023**	2022	**2023**	2022
	RO	RO	**RO**	RO
At 1 January 2022	**37,347,125**	24,149,579	**16,411,584**	15,980,192
Additions	**15,327,845**	19,418,607	**5,499,534**	4,696,042
Re-measurement of right of use assets	**(757,261)**	-	**-**	-
Interest expense on lease liabilities	**2,405,456**	1,469,260	**953,239**	828,305
Less: payments	**(7,189,084)**	(7,690,321)	**(4,316,484)**	(5,092,955)
Currency translation adjustment	**(87,916)**	-	**-**	-
At 31 December 2023	**47,046,165**	37,347,125	**18,547,873**	16,411,584
Lease liabilities related to right-of-use asset	**47,046,165**	37,347,125	**18,547,873**	16,411,584
Present value of lease liability				
The maturity of lease liability is as follows:				
Upto 1 year	**3,488,130**	4,459,257	**3,076,887**	3,669,467
Between 1 to 5 years	**12,714,584**	9,599,964	**7,852,624**	6,467,529
Above 5 years	**30,843,451**	23,287,904	**7,618,362**	6,274,588
	47,046,165	37,347,125	**18,547,873**	16,411,584

The Group leases several assets including land and buildings. The lease term ranges between 2 to 20 years (2022: 2 to 20 years). The expired contracts were replaced by new leases for identical underlying assets.

Amount recognised in profit and loss				
Depreciation expense on right-of-use asset	**6,047,616**	5,029,558	**4,206,657**	4,002,789
Interest expense on lease liabilities	**2,405,456**	1,469,260	**953,239**	828,305
Expense related to short-term lease, variable lease, and low value assets (Note 26)	**4,067,846**	2,414,002	**739,496**	449,101

a). Operating leases, in which the Group is a lessor, related to property owned by the group with lease terms between 2-5 years with similar extension option. The lessee does not have an option to purchase the property at the expiry of the contract.

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7. Investment in subsidiaries

Investment in subsidiaries are equity amounted . The carrying value at reporting date is as follows:

		Parent	
		2023	2022
	% Holding	**RO**	RO
Oman Oil Marketing Company LLC	100%	**6,670,628**	7,647,811
Ahlain International LLC	100%	**-**	-
Sultanate Energy Company Limited	100%	**4,577,114**	4,433,139
Duqm Bunker Terminal LLC	100%	**9,684,364**	11,414,385
		20,932,106	23,495,335

i) Oman Oil Marketing Company LLC was incorporated in the Kingdom of Saudi Arabia on 16 January 2017 under a trade license issued by the Ministry of Commerce and Industry. The subsidiary is primarily engaged in the marketing and distribution of petroleum products. In the current year, the company has recognised its share of loss of RO 2,322,423 (2022: loss of RO 1,052,004).

ii) Ahlain International LLC was incorporated on 19 March 2017 under a trade license issued by the Ministry of Commerce & Industry. The investee is engaged in the retail convenience stores and related operations in Sultanate of Oman. In the current year, the Company has recognised its share of loss of RO 1,368,177 (2022: loss of RO 800,366). During the year, net asset of Ahlain had eroded to negative RO 1,054,892 (2022: negative RO 286,715), which has been reclassified to other payable.

iii) Sultanate Energy Company Ltd was incorporated in the United Republic of Tanzania on 12 March 2019 under the Companies Act 2002. The entity is engaged in the marketing & distribution of petroleum products. In the current year the company has recognised its share of profit of RO 143,279 (2022: loss of RO 492,717).

iv) During the year 2020, the parent incorporated a subsidiary; Duqm Bunker Terminal LLC was incorporated on 25 June 2020 under a trading license issued by the Ministry of Commerce & Industry under Special Economic Zone at Duqm. The investee engaged in bunker fuel. During the year the Company has recognised its share of loss of RO 1,730,021 (2022: loss of RO 34,759).

8. Investment in Joint Ventures

During 2023, the Parent Company collaborated with The Unified Power of Investment LLC, a company incorporated in Sultanate of Oman, to establish a Joint Venture named Electric Vehicle One LLC through a contract signed on 30 Aug 2023. The Parent Company is set to possess a 50% equity stake in this venture. The primary aim of the joint venture is to initiate and operate electric vehicle charging stations across the Sultanate of Oman. As of the current year, the joint venture has not commenced any commercial activities, and the Parent Company has not made any financial investments in this initiative.

9. Other Investment at fair value through profit and loss account

The Company has 9.18% (2022: 9.18%) interest in Muscat Gases Company SAOG (investee), a joint stock company incorporated in the Sultanate of Oman on 13 November 1989 under a trade license issued by the Ministry of Commerce & Industry. The investee is engaged in the manufacturing and selling of industrial and cooking gases.

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, management made the strategic decision to retain the asset as an Other Investment. This decision was influenced by several favorable factors in Muscat Gases' business environment:

- Muscat Gases possesses a strong foundation, supported by strategic initiatives and commendable financial performance, setting the stage for optimistic growth in 2024.
- The company's diversified portfolio, coupled with innovative product offerings and a commitment to operational excellence, positions it well to navigate evolving market dynamics effectively.
- Positive economic indicators, including increasing market demand and the implementation of cost-effective operational strategies, contribute to a favorable outlook for the company.
- Recent acquisitions, expansion into new markets (Saudi Arabia), and successful establishment of subsidiary ventures demonstrate Muscat Gases' proactive approach to market trends.

The investment is recorded at carrying value which was considered to be lower than the fair value.

	Group		Parent	
	2023	2022	**2023**	2022
Other investments	**RO**	RO	**RO**	RO
Carrying value at the beginning of the year	-	-	-	-
Add : reclassification of asset held for sale as other investment	**316,613**	-	**316,613**	-
	316,613	-	**316,613**	-

	Group and Parent	
Investment held for sale	**2023**	2022
	RO	RO
Carrying value at the beginning of the year	**316,613**	451,517
Less: impairment during the year	-	(134,904)
Less : reclassified as other investment	**(316,613)**	-
Carrying value at the end of the year	-	316,613

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10. Inventories

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Fuel and lubricants	**8,662,651**	15,376,748	**6,939,947**	5,151,241
Stores and spares	**-**	526	**-**	526
Goods for resale*	**628,437**	353,700	**-**	-
	9,291,088	15,730,974	**6,939,947**	5,151,767
Less: allowance for slow-moving and obsolete inventories	**(581,823)**	(650,492)	**(541,758)**	(608,883)
	8,709,265	15,080,482	**6,398,189**	4,542,884

*Goods for resale includes stock of food and beverages.

Movement in the allowance for slow-moving and obsolete inventories during the period is as follows:

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
At 1 January	**650,492**	492,189	**608,883**	492,189
Allowance/(reversal) recorded during the year	**(7,337)**	158,303	**(67,125)**	116,694
Written off during the year	**(61,332)**	-	**-**	-
At 31 December 2023	**581,823**	650,492	**541,758**	608,883

11. Trade and other receivables

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Trade receivables	**52,941,688**	87,059,967	**50,728,841**	74,549,121
Amounts due from related parties (Note 24)	**30,703,863**	3,516,329	**39,167,704**	11,877,612
Less: allowance for expected credit losses	**(5,545,002)**	(5,244,503)	**(5,419,691)**	(5,184,896)
	78,100,549	85,331,793	**84,476,854**	81,241,837
Other receivables	**6,013,026**	237,833	**111,651**	217,943
VAT recoverable	**8,039,250**	4,806,548	**6,751,106**	4,800,953
	92,152,825	90,376,174	**91,339,611**	86,260,733

Following table shows the movement in life time ECL recognised in accordance with the simplified approach set out in IFRS 9:

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
At 1 January	**5,244,503**	3,505,380	**5,184,896**	3,474,557
Written off during the year	**(24,115)**	(31,537)	**-**	(31,537)
Provided during the year	**324,614**	1,770,660	**234,795**	1,741,876
	5,545,002	5,244,503	**5,419,691**	5,184,896

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11. Trade and other receivables (continued)

The following table details the risk profile of trade receivables including due from related parties based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments.

Group

Trade receivables including due from related parties days past due	Weighted average loss rate	Gross carrying amount	Expected life time credit loss	Net Carrying amount
31-Dec-23	**RO**	**RO**	**RO**	**RO**
Not past due	**0.46%**	**44,002,624**	**204,506**	**43,798,118**
< 30 days	**0.28%**	**18,759,667**	**53,306**	**18,706,361**
31-60 days	**0.76%**	**7,057,179**	**53,841**	**7,003,338**
61-90 days	**2.78%**	**1,200,968**	**33,405**	**1,167,563**
91-180 days	**3.44%**	**1,917,421**	**65,997**	**1,851,424**
181-360 days	**5.19%**	**5,110,825**	**265,305**	**4,845,520**
> 365 days	**86.99%**	**5,596,867**	**4,868,642**	**728,225**
		83,645,551	**5,545,002**	**78,100,549**
31-Dec-22				
Not past due	0.23%	61,052,894	140,619	60,912,275
< 30 days	0.18%	16,013,193	28,555	15,984,638
31-60 days	1.79%	4,126,997	73,964	4,053,033
61-90 days	1.77%	1,651,218	29,306	1,621,912
91-180 days	6.47%	1,716,325	111,100	1,605,225
181-360 days	17.59%	1,319,081	231,982	1,087,099
> 365 days	98.56%	4,696,588	4,628,977	67,611
		90,576,296	5,244,503	85,331,793

Parent

Trade receivables including due from related parties days past due	Weighted average loss rate	Gross carrying amount	Expected life time credit loss	Net Carrying amount
31-Dec-23	**RO**	**RO**	**RO**	**RO**
Not past due	**0.39%**	**51,374,151**	**198,690**	**51,175,461**
< 30 days	**0.28%**	**18,748,423**	**53,306**	**18,695,117**
31-60 days	**0.70%**	**7,006,777**	**48,878**	**6,957,899**
61-90 days	**2.87%**	**1,137,094**	**32,650**	**1,104,444**
91-180 days	**3.67%**	**1,788,678**	**65,599**	**1,723,079**
181-360 days	**5.29%**	**4,380,050**	**231,657**	**4,148,393**
> 365 days	**87.69%**	**5,461,372**	**4,788,911**	**672,461**
		89,896,545	**5,419,691**	**84,476,854**
31-Dec-22				
Not past due	0.25%	56,967,725	140,619	56,827,106
< 30 days	0.18%	15,979,119	28,555	15,950,564
31-60 days	1.79%	4,126,997	73,964	4,053,033
61-90 days	1.78%	1,649,249	29,306	1,619,943
91-180 days	6.47%	1,716,325	111,100	1,605,225
181-360 days	17.59%	1,319,081	231,982	1,087,099
> 365 days	97.88%	4,668,237	4,569,370	98,867
		86,426,733	5,184,896	81,241,837

12. Cash and cash equivalents

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Cash on hand	**119,190**	840,175	**5,757**	6,367
Cash in bank	**27,057,085**	12,937,393	**22,594,692**	9,334,101
Cash and cash equivalents	**27,176,275**	13,777,568	**22,600,449**	9,340,468

Cash in bank balances are with commercial banks in Oman, United Arab Emirates, Kingdom of Saudi Arabia and Tanzania, and are denominated in Omani Rial, Saudi Riyals, UAE Dirham, Tanzanian shilling and US Dollars. Cash in bank include call deposits which has maturity of less than 3 months and carries interest at commercial rate.

13. Share capital

The Company's authorised share capital consists of RO 15,000,000 (2022: RO 15,000,000).

The Company had issued fully paid-up shares at the par value of 100 baisa. The value of the issue was RO 6,450,000 (2022: RO 6,450,000). Below are the details of shares entirely issued and paid up.

	Group		Parent	
	Number of shares		Number of shares	
	2023	2022	**2023**	2022
3,225,000 Multi-vote shares	**3,225,000**	3,225,000	**3,225,000**	3,225,000
61,275,000 Ordinary shares	**61,275,000**	61,275,000	**61,275,000**	61,275,000
	64,500,000	64,500,000	**64,500,000**	64,500,000

In accordance with Article 5 of the Company's Articles of Association, the holder of each multi-vote share is entitled to two votes at the annual general meeting of the Company. Multi-vote shares are considered as ordinary shares for purposes of basic and diluted earnings per share.

Shareholders of the Company who own 10% or more of the Company's shares, whether in their name or through a nominee account, are as follows:

	Group		Parent	
	Number of shares		Number of shares	
	2023	2022	**2023**	2022
OQ SAOC- Multi-vote shares	**3,225,000**	3,225,000	**3,225,000**	3,225,000
- Ordinary shares	**28,380,000**	28,380,000	**28,380,000**	28,380,000
Civil Services Pension Fund - Ordinary shares	**8,352,027**	8,352,027	**8,352,027**	8,352,027
	39,957,027	39,957,027	**39,957,027**	39,957,027

14. Legal reserve and Foreign currency translation reserve

14.a Legal reserve

As per the Article 132 Commercial Companies Law of the Sultanate of Oman, 10% of the profit for the year is required to be transferred to a non-distributable legal reserve until the amount of legal reserve is equal to one-third of the issued share capital.

14.b Foreign currency translation reserve

This translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the foreign currency differences arising on net investments in foreign operations.

15. Employees' end-of-service benefits

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
At 1 January	**198,620**	279,548	**187,072**	273,067
Expense for the year (Note 25)	**62,269**	45,170	**55,808**	40,103
Payments during the year	**(39,875)**	(126,098)	**(33,534)**	(126,098)
	221,014	198,620	**209,346**	187,072

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16. Trade and other payables

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Trade payables	**10,297,195**	26,319,486	**4,118,951**	3,768,488
Trade Payables - Due to related parties (Note 24)	**62,640,399**	59,820,345	**62,640,399**	59,820,345
Accrued expenses	**5,464,677**	5,596,061	**5,160,112**	5,221,149
Other payables	**777,385**	522,273	**1,832,277**	808,988
Loyalty program	**360,907**	293,367	**360,907**	293,367
Directors' remuneration payable (Note 24)	**20,000**	300,000	**20,000**	300,000
	79,560,563	92,851,532	**74,132,646**	70,212,337

17. Bank borrowings

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Short-term loan	**1,033,508**	10,000,000	**-**	10,000,000
Term loan	**20,000,000**	-	**20,000,000**	-
Current portion	**1,033,508**	10,000,000	**-**	10,000,000
Non-current portion	**20,000,000**	-	**20,000,000**	-

a) Short term loan represents facilities obtained from local banks for the purpose of financing working capital at interest rate prevailing in the market. (Refer Note 32)
b) The company has an unsecured term loan with a carrying amount of RO 20,000,000 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 company is committed to comply with the necessary financial covenants as per the terms of the loan agreement.

18. Income tax

	Group		Parent	
	2023	2022	**2023**	2022
Current liability:	**RO**	RO	**RO**	RO
Current year	**2,091,739**	2,173,349	**1,987,981**	2,099,360
Prior years	**121,181**	121,365	**147,354**	121,365
	2,212,920	2,294,714	**2,135,335**	2,220,725
Charge during the year				
Current year	**2,091,739**	2,173,349	**1,987,981**	2,099,360
Reversal of excess tax provision of prior years	**-**	(93,807)	**-**	(140,921)
Deferred tax	**(297,703)**	(580,836)	**(297,703)**	(580,836)
	1,794,036	1,498,706	**1,690,278**	1,377,603

	Group		Parent	
	2023	2022	**2023**	2022
Deferred tax asset:	**RO**	RO	**RO**	RO
At 1 January	**1,723,524**	1,142,688	**1,723,524.00**	1,142,688
Movement for the year	**297,703**	580,836	**297,703.00**	580,836
	2,021,227	1,723,524	**2,021,227**	1,723,524

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Provisions and other charges	**1,049,783**	918,920	**1,049,783**	918,920
Property, plant and equipment	**860,744**	665,971	**860,744**	665,971
Right of use assets	**(2,671,481)**	(2,477,549)	**(2,671,481)**	(2,477,549)
Lease liability	**2,782,181**	2,616,182	**2,782,181**	2,616,182
	2,021,227	1,723,524	**2,021,227**	1,723,524

18. Income tax (continued)

The Company is subject to income tax in accordance with the Income Tax Law of the Sultanate of Oman at the enacted tax rate of 15% (2022: 15%). For the purpose of determining the tax expense for the year, the accounting profit has been adjusted for tax purposes.

Subsidiaries are companies registered in the Sultanate of Oman, Kingdom of Saudi Arabia and Tanzania of which the tax rate applicable in Sultanate of Oman is 15%, Tanzania is 30% and 2.5% Zakat in Kingdom of Saudi Arabia. Duqm Bunker Terminal Company is registered within Special Economic Zone at Duqm and entitle for tax exemption. The assessment of subsidiaries with tax authorities are at different stages of completion. The Company and each subsidiaries are assessed separately for taxation. The group as an entity is not taxable.

The reconciliation of tax as per accounting profit to effective tax is set out below:

Reconciliation of tax:	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Profit before tax	**5,922,267**	8,402,859	**5,818,509**	8,281,756
Income tax	**872,776**	1,242,263	**872,776**	1,242,263
On account of subsidiaries	**103,758**	121,103	**-**	-
Expenses temporarily disallowed	**251,408**	41,127	**251,408**	41,127
Expenses permanently disallowed	**566,094**	94,213	**566,094**	94,213
Effective tax	**1,794,036**	1,498,706	**1,690,278**	1,377,603

The adjustments are based on the current understanding of the existing tax laws, regulations and practices.
The income tax assessments of the Company for the years up to 2019 have been finalised with the Secretariat General of Taxation Affairs at the Ministry of Finance. The Management considers that additional tax liability, if any, for the remaining years would not be material to the financial position of the Group as at 31 December 2023.

The income tax assessments for KSA is finalised up to 2020, Tanzania has been finalised up to 2020, Ahlain up to 2018 with the relevant taxation departments. The Management considers that additional tax liability, if any, for the remaining years would not be material to the financial position of the Group as at 31 December 2023.

19. Environmental provision

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
At 1 January	**200,245**	200,245	**200,245**	200,245
Reversed during the period	**-**	-	**-**	-
Environmental provision	**200,245**	200,245	**200,245**	200,245

The Group provides for environmental remediation costs based on internal assessment of environmental contamination made on its service stations. The provision of RO 200,245 (2022: RO 200,245) is expected to be used as per site specific remediation plan.

20. Derivative financial instruments

The Group entered into a commodity derivative swaps with authorised traders to hedge the bunker fuel inventory. These derivatives contracts have been designated as fair value hedge under IFRS 9.

As at 31 December 2023, there were no open derivative hedging instruments. As of 31 December 2022, the fair value of the derivative financial instrument was as follows:

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Current assets	-	269,305	-	-

21. Prepayments

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Advance for fuel purchase	**972,549**	8,593,414	**-**	-
Other prepayments	**2,740,195**	2,912,389	**821,661**	704,941
	3,712,744	11,505,803	**821,661**	704,941

22. Segment information

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors, as the chief operating decision maker, in order to allocate resources to the segment and to assess its performance. Information reported to the Board of Directors for the purpose of resource allocation and assessment of segment performance focuses on the financial performance of each business segments only. No information that includes the segments' assets and liabilities are reported to the Board of Directors as the assets and liabilities are inter related. Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales in current and previous years.

	Group		Parent	
Revenue based on nature of operations	**2023**	2022	**2023**	2022
	RO	RO	**RO**	RO
Retail	**568,641,096**	527,605,008	**518,065,868**	507,828,539
Commercial	**109,364,990**	109,004,294	**109,364,990**	109,004,294
Aviation	**76,402,244**	78,861,215	**76,402,244**	78,861,215
Others	**64,858,566**	86,210,183	**23,640,036**	25,119,869
	819,266,896	801,680,700	**727,473,138**	720,813,917
Revenue based on geographical location				
Sultanate of Oman	**768,691,668**	781,924,175	**727,473,138**	720,813,917
International	**50,575,228**	19,756,525	**-**	-
	819,266,896	801,680,700	**727,473,138**	720,813,917

The disaggregation of revenue in accordance with IFRS 15 is in line with the segments disclosed above and the revenue for all these segments are recognized at point in time.

23. Finance income - net

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Interest income on deposits	**694,929**	837,804	**694,929**	837,804
Interest income on inter company loan	**-**	-	**61,835**	-
Interest expenses on borrowings	**(1,862,534)**	(1,062,295)	**(1,862,534)**	(1,062,295)
	(1,167,605)	(224,491)	**(1,105,770)**	(224,491)

During the period, the Parent obtained a term loan from a financial institution at interest rate prevailing in the market.

Finance income and cost

Finance income/cost comprises interest received on deposits and interest expense that are recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of

– the gross carrying amount of the financial asset; or
– the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

24. Related party transactions

Related parties comprise the shareholders, directors and business entities to control or exercise significant influence in financial and operating decisions. The Company maintains balances with these related parties which arise in the normal course of business from the commercial transactions, and are entered into at terms and conditions which are approved by the management.

The Company has entered into transactions with entities over which certain directors are able to exercise significant influence. In the normal course of business, the Group provides services on commercial terms to related parties and avails services from related parties. The volumes of significant related party transactions during the year and with parties with a shareholding of 10% or more in the Group and/or related to directors, were as follows:

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Revenue				
Fuel sales to other related parties	**105,844,123**	13,835,754	**105,844,123**	13,835,754
Costs				
Cost of goods sold includes fuel purchases from other related parties	**713,098,476**	707,312,414	**713,098,476**	707,312,414
Payments made on behalf of the subsidiaries	**-**	-	**102,558**	3,361,426
Brand royalty to Holding Company	**647,079**	630,406	**647,079**	630,406
Net interest income over bank charges from	**1,365,374**	737,059	**1,365,374**	737,059
Directors' sitting fees	**26,300**	37,700	**26,300**	37,700
Directors remuneration and fees	**20,000**	300,000	**20,000**	300,000
Compensation of key management personnel				
- Short-term employee benefits	**947,515**	913,078	**947,515**	913,078
- Post-employment benefits	**38,250**	36,915	**38,250**	36,915

	Group		Parent	
	2023	2022	**2023**	2022
Balances				
Bank balances	**17,748,001**	7,419,295	**16,336,972**	7,419,295
Bank borrowings	**20,000,000**	-	**20,000,000**	-
Due from related parties				
- from subsidiary companies	**-**	-	**8,463,841**	8,361,283
- from other related companies	**30,703,863**	3,516,329	**30,703,863**	3,516,329
Total - Due from related parties (Note 11)	**30,703,863**	**3,516,329**	**39,167,704**	11,877,612
Due to related parties				
- to other related companies	**62,471,783**	59,479,524	**62,471,783**	59,479,524
- to Holding Company	**168,616**	340,821	**168,616**	340,821
Total - Due to related parties (Note 16)	**62,640,399**	59,820,345	**62,640,399**	59,820,345
Directors remuneration (Note 16)	**20,000**	300,000	**20,000**	300,000

The total remuneration paid to non-executive directors comprising sitting fees and remuneration is in accordance with the provisions, and within the limits of, the Commercial Companies Law, the CMA guidance and the Articles of Association of the Company. Director's remuneration is recognised in the statement of profit or loss.

The Group has applied the exemption under IAS 24 paragraphs 25 and 26, and have not disclosed the related party 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;
(b) another entity that is a related party because the same government has control or joint control of, or significant influence over, both

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

(a) the nature of its relationship with the reporting entity;
(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 transactions that are collectively, but not individually significant, a qualitative / quantitative indication of their extent.

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25. Staff costs

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Wages, salaries and allowances	**6,800,562**	6,039,105	**6,006,887**	5,727,990
End-of-service benefits (Refer Note 15)	**62,269**	45,171	**55,808**	40,103
Social security costs	**378,092**	270,589	**324,287**	267,616
Other employee benefits	**495,023**	249,727	**495,023**	246,129
	7,735,946	6,604,592	**6,882,005**	6,281,838

26. Other operating expenses

The other operating expenses of the Group and Company includes transportation costs, temporary staff costs, operating leases, Ministry of Commerce and Industry licence fee, brand royalty, maintenance and business promotion expense etc.

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Site operation expenses	**8,565,974**	6,450,436	**4,754,363**	4,301,231
Materials and maintenance	**2,663,929**	2,318,038	**2,353,549**	2,097,228
Ministry of Commerce and Industry license fee	**1,877,342**	1,816,192	**1,877,342**	1,816,192
Promotion and advertisement	**1,517,143**	1,413,799	**1,338,239**	1,180,405
Operating leases (Refer Note 6.2)	**4,067,846**	2,414,002	**739,496**	449,101
Brand royalty payable to Holding Company	**647,079**	641,146	**647,079**	641,146
Board sitting fees	**26,300**	37,700	**26,300**	37,700
Audit fee	**57,053**	44,358	**21,800**	22,750

27. Dividends

The Board of Directors has proposed a cash dividend of RO 0.032 per share for year 2023, amounting to RO 2,064,000 (2022: RO 3,225,000), which is subject to shareholders approval at the next Annual General Meeting to be held on 28 March 2024.

28. Commitments

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Contracted commitments	**3,950,580**	7,707,041	**2,194,235**	6,523,715

29. Basic and diluted earnings per share

The par value of each share is RO 100 Baizas. The basic and diluted earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year as follows:

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Net profit for the year (RO)	**4,128,231**	6,904,153	**4,128,231**	6,904,153
Weighted average number of shares (Note 13)	**64,500,000**	64,500,000	**64,500,000**	64,500,000
Basic and diluted earnings per share (Bz)	**64**	107	**64**	107

30. Net assets per share

This is a non gaap measure. Net assets per share is calculated by dividing the shareholders' equity of the Group at the year-end by the number of shares outstanding as follows:

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Shareholders' equity (RO)	**83,047,150**	82,493,439	**83,396,670**	82,493,439
Number of shares outstanding at the end of the year (Note 13)	**64,500,000**	64,500,000	**64,500,000**	64,500,000
Net assets per share (RO)	**1.288**	1.279	**1.293**	1.279

31. Contingencies

At 31 December 2023, the Group and the Company had contingent liabilities in respect of guarantees and other matters arising in the ordinary course of business, from which it is anticipated that no material liabilities will arise, amounting to RO 8,804,706 (2022: RO 16,258,690). Further, the Company has provided corporate guarantee to its subsidiary of RO 5,000,000 (2022: 5,000,000).

The Group is subject to litigations in the normal course of business. The Group based on independent legal advice does not believe that outcome of these court cases will have material impact on the Group's income or financial position.

32. Reconciliation of liabilities arising from financing activities

	At 1 January	Additions during the year	Repayments during the year	At 31 December
Group	**RO**	**RO**	**RO**	**RO**
31 December 2023				
Lease liabilities	**37,347,125**	**15,327,845**	**(5,628,805)**	**47,046,165**
Short term bank borrowings	**10,000,000**	**337,033,508**	**(346,000,000)**	**1,033,508**
Long term bank borrowings	**-**	**20,000,000**	**-**	**20,000,000**
	47,347,125	**372,361,353**	**(351,628,805)**	**68,079,673**
31 December 2022				
Lease liabilities	24,149,579	19,418,607	(6,221,061)	37,347,125
Short term bank borrowings	-	133,500,000	(123,500,000)	10,000,000
	24,149,579	152,918,607	(129,721,061)	47,347,125
Parent				
31 December 2023				
Lease liabilities	**16,411,584**	**5,499,534**	**(3,363,245)**	**18,547,873**
Short term bank borrowings	**10,000,000**	**336,000,000**	**(346,000,000)**	**-**
Long term bank borrowings	**-**	**20,000,000**		**20,000,000**
	26,411,584	**361,499,534**	**(349,363,245)**	**38,547,873**
31 December 2022				
Lease liabilities	15,980,192	4,696,042	(4,264,650)	16,411,584
Short term bank borrowings	-	133,500,000	(123,500,000)	10,000,000
	15,980,192	138,196,042	(127,764,650)	26,411,584

33. Financial risk management

The Group's activities expose it to a variety of financial risks including the effects of changes in market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the management under policies approved by the Board of Directors (the Board). The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has entrusted the audit committee with the responsibility of the development and monitoring the Group's risk management policies and procedures and its compliance with them. These policies and systems are reviewed regularly to ensure that they reflect any changes in market conditions and the Group's activities. The Group, through its induction and training program, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Market risk

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company is exposed to foreign currency risk arising from currency exposures with respect to US Dollar, UAE Dirhams, Saudi Arabian Rials and Tanzanian shilling. The majority of foreign currency transactions are denominated in US Dollar and GCC currencies. The Company is not exposed to currency risk as the Rial Omani and GCC currencies listed above are pegged to the US Dollar. Management believes that the impact of the fluctuations from transactions and balances denominated in Tanzanian shilling is not significant at 31 December 2023 and 2022.

Interest rate risk

The Group's and Company's interest rate risk arises from bank borrowings and bank deposits. The Group analyses its interest rate exposure on a regular basis and reassesses the source of borrowings and renegotiates interest rates at terms favourable to the Group. The Group limits interest rate risk on bank deposits by monitoring changes in interest rates. Management has estimated the effect on profit for the year due to increase or decrease in interest rates to be insignificant.

Price risk

As at 31 December 2023, the Group is not exposed to significant equity securities or commodity price risk except for what is disclosed in note 20. (Refer note 20 for the carrying value of liability in relation to derivative instrument at one of the subsidiary).

(b) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents and credit exposures to customers. The Group has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group requires bank guarantees on higher credit risk customers. The Group does not require collateral in respect of all other financial assets.

Investments are made in liquid securities and only with commercial banks in Oman. Management does not expect any counter party to fail to meet its obligations.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's and Company's performance to developments affecting a particular industry or geographical location.

Trade receivables including due from related parties

Credit is extended to corporate customers only with an objective of optimising the Group's and Company's profits and the prime responsibility for providing credit to customers and the timely collection of all debts rests with the functional manager. Credit has a cost to the business and necessary controls and procedures are established to manage the Group's and Parent company's credit risk and its working capital. It is, therefore, the Group's policy to have effective credit control systems in place which are flexible enough to respond to changing market needs yet rigorous enough to ensure that customer credit limits are established and regularly updated on the basis of reliable up-to-date information.

Generally, credits are not allowed in excess of agreed credit periods except for government customers and debts are collected within agreed credit terms and grace days. A stop supply mechanism is in place which will automatically inactivate customer accounts and stop further supplies in the event of a delay of payment beyond the credit period and the grace days. All exceptions and overrides are approved in line with the policy guidelines. Debtor positions are regularly monitored and reviewed to assess the overall risk and exposure. Though losses on account of default are infrequent, adequate provisions for impairment based on the ageing of the debts are made to reflect the debtors position as accurately as possible in the financial statements. Outstanding balances of more than three years are considered to be in default by management.

The maximum exposure to credit risk for trade and other receivables including due from related parties (considered as being the gross carrying value before impairment provisions) at the reporting date by type of customer was:

33. Financial risk management (continued)

	Group		Parent	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Commercial	**32,665,890**	31,866,401	**32,665,890**	31,866,401
Retail	**8,481,068**	7,151,000	**7,146,001**	7,151,000
Others	**42,498,593**	51,558,895	**50,084,654**	47,409,332
	83,645,551	90,576,296	**89,896,545**	86,426,733
Less: Allowance for credit loss	**(5,545,002)**	(5,244,503)	**(5,419,691)**	(5,184,896)
	78,100,549	85,331,793	**84,476,854**	81,241,837

Bank balances

Balances with banks are assessed to have a low credit risk of default since the central bank highly regulates these banks. Accordingly, the management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with the bank 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 Group has assessed that the impairment so assessed is immaterial and hence have not recorded any loss or allowances on these balances.

The Group limits its credit risk with regard to bank balance deposits by only dealing with reputable bank and financial institution with strong credit ratings. The Group's bank accounts are placed with reputed financial institutions having appropriate credit rating.

	Group		Parent	
	2023	2022	**2023**	2022
Cash at banks	**RO**	RO	**RO**	RO
Banks with rating of Aa3	**1,227,594**	-	-	-
Banks with rating of A1	-	494,541	-	-
Banks with rating of A2	**542,721**	-	-	-
Banks with rating of Ba1	**23,781,728**	-	**21,089,650**	-
Banks with rating of Ba2	**15,877**	11,448,624	**15,877**	8,752,713
Banks with rating of Ba3	-	574,912	-	581,388
Banks with rating of BB	**1,489,165**	-	**1,489,165**	-
Banks with rating of B1	-	419,316	-	-
	27,057,085	12,937,393	**22,594,692**	9,334,101

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables. Other financial assets at amortised cost are considered to have low credit risk, and the loss allowance considered during the year was therefore limited to 12 months expected losses. Management believes that the expected credit loss on the above category of financial assets is not material and hence no loss allowance was made for such financial assets as at 31 December 2023 and 31 December 2022.

(c) 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 and Company's approach to managing liquidity risk 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 are available. The Group has access to adequate financing facilities, of which RO 123.85 Mn were unutilized at the reporting date (2022: RO 102.85 Mn). The Group expect to meet its obligations from operating cashflows, short term borrowings and proceeds from maturing financial assets. The Group's and Parent Company's terms of sales require amounts to be paid on an average of 45 days from the date of sale.

The table below analyses the Group's and Company's financial liabilities into the relevant maturity based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

33. Financial risk management (continued)

	Contractual cash flows	Less than 1 year	More than 1 years
31 December 2023	RO	RO	RO
Group			
Bank borrowings	**21,033,508**	**1,033,508**	**20,000,000**
Lease liabilities	**47,046,165**	**3,488,130**	**43,558,035**
Trade payables	**10,297,195**	**10,297,195**	**-**
Due to related parties	**62,640,399**	**62,640,399**	**-**
Accruals and other payables	**6,622,969**	**6,622,969**	**-**
	147,640,236	**84,082,201**	**63,558,035**
Parent			
Bank borrowings	**20,000,000**	**-**	**20,000,000**
Lease liabilities	**18,547,873**	**3,076,887**	**15,470,986**
Trade payables	**4,118,951**	**4,118,951**	**-**
Due to related parties	**62,640,399**	**62,640,399**	**-**
Accruals and other payables	**7,373,296**	**7,373,296**	**-**
	112,680,519	**77,209,533**	**35,470,986**
31 December 2022			
Group			
Bank borrowings	10,000,000	10,000,000	-
Lease liabilities	37,347,125	4,459,257	32,887,868
Trade payables	26,319,486	26,319,486	-
Due to related parties	59,820,345	59,820,345	-
Accruals and other payables	6,711,701	6,711,701	-
	140,198,657	107,310,789	32,887,868
Parent			
Bank borrowings	10,000,000	10,000,000	
Lease liabilities	16,411,584	3,669,467	12,742,117
Trade payables	3,768,488	3,768,488	-
Due to related parties	59,820,345	59,820,345	-
Accruals and other payables	6,623,504	6,623,504	-
	96,623,921	83,881,804	12,742,117

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on equity, which the Group defines as net profit divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

Notes to the parent company and consolidated financial statements
For the year ended 31 December 2023

34. Categories of financial instruments

Financial assets consist of cash and bank balances and trade and other receivables. Financial liabilities consist of trade and other payable, bank borrowings and lease liabilities:

	Group		**Parent**	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Financial assets (at amortised cost)				
Cash and cash equivalents	**27,176,275**	13,777,568	**22,600,449**	9,340,468
Trade and other receivables	**92,152,825**	90,376,174	**91,339,611**	86,260,733
Derivatives	**-**	269,305	**-**	-
	119,329,100	104,423,047	**113,940,060**	95,601,201
Financial liabilities (at amortised cost)				
Trade and other payables	**79,560,563**	92,851,532	**74,132,646**	70,212,337
Lease liabilities (Note 6.2)	**47,046,165**	37,347,125	**18,547,873**	16,411,584
Derivatives	**-**	-	**-**	-
	126,606,728	130,198,657	**92,680,519**	86,623,921

The fair values of financial instruments are not materially different from their carrying values.

35. Approval of consolidated financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 10 March 2024.