ANNUAL REPORT 2023

المها
al Maha

Dear citizens, elevating Oman to the higher strata of progress that it deserves is a national duty and an immense responsibility to be shouldered by each and every citizen.

His Majesty Sultan Haitham bin Tarik

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BOARD OF DIRECTORS

Dr. Saif Salim Saif Al Harthi
Chairman

H.H Sheikh Mohammed bin Sultan bin Khalifa Al Nahyan
Deputy Chairman

Mr Sultan Khalifa Saleh Al-Tai
Member

Mr Nabil Hamed Zahran Al Mahrouqi
Member

Mr Mohammed Saif Muaded Al Kaabi
Member

Mr Ibrahim Mohammed Hamed Al-Harthi
Member

Mr Abdullah Mohammed Ali Al-Mamari
Member

EXECUTIVE MANAGEMENT TEAM

Eng. Hamed Salim Al Maghdri
Chief Executive Officer

Ahmed Bakhit Al Shanfari
Division Head - Marketing & Business Development

Hiriyanna Narayanaswamy
Chief Financial Officer

Hafedh Awadh Bait Hadid
Division Head – Sales

Hamood Saleh Al Amri
Division Head – Technical

Salah Abdullah Al Shamsy
Division Head - Strategic Planning & Risk Management

CHAIRMAN'S REPORT

Dear Shareholders,

On behalf of the Board of Directors, I congratulate **His Majesty Sultan Haitham Bin Tarik Al Said** on His Majesty's fourth anniversary of assuming leadership of the Sultanate, under whose wise leadership the Sultanate continues to flourish and progress.

3 DECADES OF EXCELLENCE

The year 2023 saw your Company celebrating 3 decades of its excellence in the dynamic and ever-evolving petroleum downstream industry in the Sultanate of Oman. Over the past 30 years, Al Maha Petroleum has weathered market fluctuations, embraced technological advancements, and navigated regulatory changes with resilience and innovation and since been a strategic partner in developing and supporting the Sultanate›s infrastructure sector. Our commitment to excellence and dedication to providing high-quality petroleum products have been the cornerstones of our success.

YEAR OF SUCCESS

I am also delighted to introduce the 20th Annual Report of our Company, which includes the Audited Financial Statements for the year ended on 31 December 2023, and to discuss the key highlights of the year.

In 2023, Oman›s economy witnessed robust growth and stability. The GDP increased by 2.3% to RO 43.7 billion, and the country achieved a notable fiscal surplus of RO 931 million, influenced by oil prices averaging US$82 per barrel, significantly higher than projected. This economic upturn was bolstered by focused efforts from various government units to control spending and enhance spending efficiency, contributing considerably to the positive fiscal performance.

During the past year, the Government continued to exert intensive efforts to increase non-oil revenues and improve the efficiency of public spending. These policies have significantly contributed to enhancing economic diversification, fortifying the economic stability, and reducing public debt to reach 35% of the Gross Domestic Product (GDP), which led to an improvement in the Sultanate›s credit rating. The measures taken not only bolster sustainable economic growth but also contribute to creating an attractive and stable investment environment in the country.

In alignment with these positive economic developments, your Company has effectively broadened its customer base through various customer-focused initiatives, seizing new business opportunities throughout the year. As a result, the Company has demonstrated positive growth, evidenced by:

a) a growth in sales from RO 492.7 million in 2022 to **RO 493.8 million** in 2023,

b) an increase in net profit from RO 6.2 million in 2022 to **RO 6.3 million** in 2023

FINANCIAL PERFORMANCE HIGHLIGHTS (RO'000)

	2023 (RO'000)	2022 (RO'000)	Increase (RO'000)	Increase %
Sales	**493,810**	492,731	1,079	0.2%
Cost of Sales	**(465,909)**	(465,237)	672	0.1%
Gross profit	**27,901**	27,494	407	1.5%
Other income	**6,578**	4,949	1,629	33%
Total expenses	**(28,166)**	(26,251)	1,915	7.3%
Net profit after tax	**6,313**	6,192	121	2%
Earnings per share (RO)	**0.091**	0.090	0.001	1%

- Total revenue increased to RO 493.8 million in 2023, a growth of 0.2% from RO 492.7 million in 2022, mainly due to an increase in sales volume by 3%
- Other Income increased by 33% from RO 4.9 million in 2022 to RO 6.6 million in 2023, mainly attributed to the positive impact of managing the Fuel Farm at Muscat International Airport from January 2023, the growth in non-fuel revenues and the effectiveness of the operational performance index.
- Net profit grew by 2% from RO 6.2 million in 2022 to RO 6.3 million in 2023, demonstrating commitment to operational efficiency & cost management.
- Earning per Share (EPS) increased by 1% from 90 Baisa in the previous year to 91 Baisa in 2023.

MARKET SEGMENTS PERFORMANCE:

The Company focused on enhancing operational efficiency and effectively responding to market challenges by adapting to changing consumer preferences and industry trends. This approach adopted by the Company has led to strengthening its brand and positively reflected on its sales during the year 2023. Major investments in technology have also improved the customer experience and assisted in introducing innovative products and services.

As a result, sales volume in 2023 increased by 3% compared to the previous year, reflecting the growing demand for the Company's products and services, as outlined below:

- Retail sales volume has gone up by 3 %
- Commercial sales volume has decreased by 7%
- Aviation sales volume has gone up by 19%
- Lubricants sales have gone up by 24%

1. Retails Segment

As the cornerstone of our business and a leading contributor to our revenue, the Retail segment has demonstrated remarkable achievements. Key highlights include:

a) Strategic expansion and modernization

- Eight new retail outlets have been opened, bringing the total number of filling stations to 248
- Three retail fuel outlets have been revamped/rebranded.
- The Company is currently applying the final touches to a number of new fuel stations, car service centers, and other services, which will soon be opened to provide exceptional services and a unique experience to our customers.

b) Smart Fuel Card Business: Simplification and Leading Innovations

- The implementation of advanced RFID technology and the launch of new NFC wireless cards has enhanced customer experience, increased efficiency, and raised security in fuel purchasing operations.
- Successful promotional campaigns for smart cards throughout the last year have resulted in significant customer turnout and boosted retail sales performance.

c) NSS Cards Business: Supporting Fuel Subsidies with Smart Solutions

- Registered and active Al Maha NSS Fuel Cards increased by 37% with innovative smart card technology implementation.

d) Fuely Onsite Fuel Delivery: Meeting B2B Needs Effectively

- During the year 2023, sales grew by 127% due to rising demand for onsite fuel delivery from B2B customers.

2. Commercial segment

The Commercial segment, characterized by its high level of competitiveness, faces ongoing challenges, the most notable of which is the decreasing demand for Gasoil. This challenge emerges as some of the key customers shift toward using gas as an alternative energy source for electricity generation. Despite these challenges, there are positive indicators signaling potential growth. It is expected that increased government spending and foreign investments in infrastructure projects will boost commercial activity and drive growth in this segment.

3. Aviation segment

In 2023, Aviation sector witnessed exceptional achievements in aviation fuel sales, paralleling the growth of the aviation industry. This period saw a notable increase in fuel sales for Oman Air and other major airlines, reaffirming the sector's return to stability.

Furthermore, the Company's significant milestone in securing a prestigious contract from Oman Airports to manage the Fuel Farm at Muscat International Airport for a five-year term starting January 2023 has contributed to enhancing the Company's other income. It also marks a turning point in its status as a key player in the market and in its ability to achieve success in a competitive environment for such projects.

4. Lubricant segment

During 2023, the lubricant segment saw significant advancement, driven by the increasing popularity of Al Maha's brand lubricants in both the local and international markets. The introduction of the 'AMPRO' brand – an acronym for Al Maha's professional range of lubricants – played a key role in enhancing the attractiveness of our products. In August 2023, the Company entered a new and exclusive seven-year commercial agency agreement with 'Now Fuel Co' in Saudi Arabia. This strategic partnership is designed to distribute Al Maha lubricants throughout the Kingdom, a move that is expected to bolster the Company's presence in the Saudi market. The agreement is anticipated to positively influence the growth of our lubricant segment in the coming years, demonstrating the Company's dedication to expanding its reach and strengthening its position in regional markets.

5. Other Income including Non-Fuel Retail (NFR)

Other income for 2023 increased to RO 6.6 million, primarily due to:

Fuel Farm depot management income

Your Company's success in securing the prestigious contract with Oman Airports to manage the Fuel Farm at Muscat International Airport, effective from January 2023, contributed to the increase other income during the period.

The NFR Segment

This segment has played a crucial role in the Company's overall success due to its widespread popularity and close association with the retail segment of the petroleum industry.

Numerous convenience stores, commercial buildings, and automotive service centers were launched during 2023, contributing to the expansion of non-fuel retail activities at fuel outlets and generating additional financial revenues.

DIVIDEND

In line with our consistent dividend policy of maintaining a sustainable dividend payment, the Board of Directors has recommended a cash dividend of Bzs **90** (2022: Bzs 85) per share, amounting to RO **6.210** million (2022: RO 5.865 million) representing **90%** (2022: 85%) of share capital, subject to the approval of the shareholders' Annual General Meeting to be held on 26 March 2024.

CORPORATE GOVERNANCE

The Company upholds Corporate Governance as a key pillar for ensuring effectiveness and responsibility at every organizational level, from the board of directors to executive management. More than just defining roles and responsibilities, our commitment to these standards is about ensuring fairness for all stakeholders through transparent policies and complete disclosure. These governance principles also significantly empower and actively engage our employees in decision-making. A dedicated section in the Annual Report provides a detailed Corporate Governance Report. This section highlights the critical role of these practices.

QUALITY, HEALTH, SAFETY AND ENVIRONMENT (QHSE)

The Company is committed to conducting business with a robust Quality, Health, Safety, and Environmental conscience, ensuring sustainable development, safe workplaces, and enrichment of the quality of life of its employees, customers, and the community as a top priority.

Compliance with Quality, Health, Safety, and Environment systems, procedures, and laws is monitored at the unit, division, and corporate levels. The Company's QHSE activities are reviewed periodically in board meetings.

The continuous improvement year after year in achievements of Quality (ISO 9001), Health & Safety (ISO 45001), & Environment (ISO 14001) certificates are a testament to our consciousness at all levels regarding the importance of commitment to Quality, Health, Safety, & Environment guidance.

CHAIRMAN'S REPORT

During 2023, comprehensive audits of the Quality, Health, Safety, and Environmental systems were conducted across various Company offices, sites, and projects. In addition, a series of specialized training programs in quality, health, safety, and environment were organized throughout the Company, aiming to enhance awareness and improve the proficiency of all employees.

CORPORATE SOCIAL RESPONSIBILITY

The Company prioritizes its social responsibility commitment towards the community, focusing on contributing to vital areas such as education, health, and the environment. These contributions are reflected in well-thought-out initiatives aimed at providing support that aligns with the needs of the communities it operates in. In 2023, the emphasis was on supporting charitable, non-profit organizations and service facilities that serve the community, reflecting the Company's commitment to its role as an active and responsible member of society. This support is part of the Company's ongoing efforts to positively and tangibly contribute to the development of local communities, encompassing a wide range of activities and programs designed to positively and directly impact people's lives.

FUTURE OUTLOOK

As we advance into 2024, the economic landscape of Oman shows promising signs of growth and stability, aligning with the objectives of Oman Vision 2040 and the Tenth Five-Year Development Plan. The Government's cautious budgeting, assuming an average oil price of $60 per barrel and achieving economic growth of at least 3%, indicates a balanced strategic approach toward maintaining financial resilience in the face of global economic volatility and oil price fluctuations.

With the Sultanate focusing on stimulating economic growth and maintaining inflation at moderate levels, the Government's commitment to enhancing the business environment and fostering foreign investment creates favorable conditions for us to explore new markets and strengthen our existing operations. Our Company is poised to thrive in this environment

In light of the Government's initiatives like the Sustainable Finance Framework and the Public Debt Law, the Company has adapted its strategies to align with these developments, ensuring sustainable and responsible growth. The emphasis on digital transformation and the enhancement of the business environment also present opportunities for our Company to integrate more innovative solutions and expand into emerging markets.

Furthermore, the Government's significant investment in infrastructure, health, education, and social welfare sectors opens up new avenues for collaboration and growth. We intend to leverage these opportunities, particularly in areas receiving substantial government investment.

Looking forward, Your Company is actively planning to expand into new markets within the GCC region to ensure sustainable and robust growth. Additionally, there is a focus on exploring alternate energy businesses as part of our diversification and decarbonization strategy.

Our outlook for 2024 is one of cautious optimism. We are strategically positioned to navigate through the challenges and capitalize on the opportunities presented by the economic landscape. Our commitment remains strong towards aligning with national economic goals, ensuring sustainable development, and contributing positively to the Sultanate's prosperity.

ACKNOWLEDGEMENT

On behalf of the Board of Directors and executive management, I take this opportunity to express our most sincere gratitude and loyalty to **His Majesty Sultan Haitham bin Tariq** and his efforts toward a prosperous Oman.

We thank the Ministry of Energy and Minerals, the Ministry of Commerce, Industry and Investment Promotion, OQ Refineries, our shareholders, customers, and officials of the Capital Market Authority, the Muscat Stock Exchange, and Muscat Clearing & Depository Company for their valuable support and co-operation. We also appreciate the dedicated and committed service of our staff members.

Dr. Saif Salim Saif Al-Harthi
Chairman

18 February 2024

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Building a better working world

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PR No. HMH/15/2015; HMA/9/2015

AGREED-UPON PROCEDURES REPORT ON FACTUAL FINDINGS TO THE SHAREHOLDERS OF AL MAHA PETROLEUM PRODUCTS MARKETING COMPANY SAOG IN RESPECT OF CORPORATE GOVERNANCE REPORT

Scope and purpose
We have performed the procedures agreed with you pursuant to the Capital Market Authority's (CMA) circular no. E/4/2015, dated 22 July 2015, with respect to the Board of Directors' Corporate Governance Report (the "Report") of Al Maha Petroleum Products Marketing Company SAOG (the "Company") as at and for the year ended 31 December 2023 and its application of the corporate governance practices in accordance with amendments to CMA's Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016 (collectively the "Code").

Restricted use
This agreed-upon procedures report ("AUP Report") is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the accompanying corporate governance report of the Company to be included in its annual report for the year ended 31 December 2023 and does not extend to any financial statements of Al Maha Petroleum Products Marketing Company SAOG, taken as a whole.

Responsibilities of the Board of Directors
The Board of Directors have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement and are responsible for identifying and ensuring that the contents of the Report comply with the Code on which the agreed-upon procedures are performed. The sufficiency of these procedures is solely the responsibility of the Company and its Board of Directors.

Responsibilities of the Practitioner
We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness, or the sufficiency of the agreed-upon procedures described below either for the purpose for which this AUP Report has been requested or for any other purpose.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Our independence and quality control
In performing the Agreed-Upon Procedures engagement, we complied with the ethical requirements in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and the independence requirements in accordance with the relevant independence requirements. We are the independent auditor of the Company and therefore we also complied with the independence requirements of the IESBA Code that apply in the context of the financial statement audit.

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AGREED-UPON PROCEDURES REPORT ON FACTUAL FINDINGS TO THE SHAREHOLDERS OF AL MAHA PETROLEUM PRODUCTS MARKETING COMPANY SAOG IN RESPECT OF CORPORATE GOVERNANCE REPORT (continued)

Our independence and quality control (continued)
EY applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed
We have performed the procedures described below, which were agreed upon with you on the compliance of the Report with the Code for the year ended 31 December 2023.

Our procedures and findings included:

No.	Procedures	Findings
(a)	We obtained the Corporate Governance report issued by the Board of Directors and checked that the report of the Company includes at minimum all items suggested by CMA to be covered by the report as detailed in the Annexure 3 of the Code.	No exceptions noted.
(b)	We obtained from the Company details regarding areas of non-compliance with the Code identified by the Company Board of directors for the year ended 31 December 2023.	No exceptions noted.

Ernst & Young

27 February 2024
Muscat

ERNST & YOUNG LLC
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P.O. Box 1750 - P.C. 112 Sultanate of Oman

Corporate Governance Report

OUR CORPORATE GOVERNANCE PHILOSOPHY

The Company is committed to implementing the Code of Corporate Governance issued by the Capital Market Authority (CMA) to sustainably maximize shareholder value while ensuring fairness to all stakeholders: customers, partners, investors, employees, government, and society. Our corporate governance reflects our value system, encompassing our culture, policies, and relationships with our stakeholders.

BOARD OF DIRECTORS

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed, and independent board is necessary to ensure the highest corporate governance standards.

The Board's main responsibilities include:

- Review the strategic plans and operational performance
- Review effectiveness of internal controls
- Approval of business plans and budgets
- Approval of quarterly and annual financial statements
- Approval of policies and procedures

ELECTION OF THE BOARD OF DIRECTORS

Elections of the members of the Board of Directors are carried out at the Annual Ordinary General Meetings of the Company in accordance with the provisions of the Commercial Companies Law and the guidelines issued by the Capital Market Authority.

If the office of a director becomes vacant in the period between two annual ordinary general meetings, the board appoints a temporary director to assume his office until the next ordinary general meeting in accordance with the provisions of the Commercial Companies Law.

CURRENT BOARD

The current Board was elected in the Annual Ordinary General Meeting held on 9 March 2022.

As of 31 December 2023, the Board consists of **seven** members, all of whom are independent directors. The details of the Board of Directors as of 31 December 2023 are as below:

Sl No	Director's name	Designation	Status	Board Meetings Attended	AGM Attended	Directorships in other SAOG Companies
1.	**Dr. Saif Salim Saif Al-Harthi**	Chairman	Independent	8	YES	Bank Muscat SAOG
2.	**His Highness Sheikh Mohammed Bin sultan Al Nahyan**	Deputy Chairman	Independent	8	YES	-
3.	**Ibrahim Mohamed Hamed Al Harthi**	Director	Independent	8	YES	-
4.	**Sultan Khalifa Saleh Al-Tai**	Director	Independent	8	YES	Phoenix Power Company SAOG
5.	**Nabil Hamed Zahran Al-Mahrouqi**	Director	Independent	8	YES	1-National Bank of Oman SAOG 2-Oman Chlorine SAOG
6.	**Abdullah Mohammed Al Mamari**	Director	Independent	8	YES	1-Sembcorp Power and Water SAOG 2- Oman Cement Company SAOG
7 .	**Mohammed Saif Al Kaabi**	Director	Independent	8	YES	-

Number of Board meetings in 2023:

The Board held eight meetings in 2023 as detailed below:

1 . 31 January 2023
2. 16 February 2023
3. 27 April 2023
4. 26 June 2023
5. 26 July 2023
6. 17 September 2023
7. 29 October 2023
8. 10 December 2023

The intervals between the Board meetings are in line with the CMA requirements of a maximum interval of four months.

AUDIT COMMITTEE

Role of Audit Committee

The Audit Committee Charter defines the duties and responsibilities of the Committee concisely:

- Ensuring compliance with the CMA regulations and Code of Corporate Governance
- Reviewing quarterly and annual financial statements
- Recommending external audit fees and terms of engagement to the Board of Directors
- Reviewing and approving the annual internal and external audit plans and ensuring that auditors have full and unrestricted access to all relevant documents and staff
- Oversight of all audit activities and internal control evaluation
- Reviewing proposed specific transactions with related parties and making recommendations to the Board
- Conducting any special investigations and reporting to the Board

The Company has an internal audit function that reports to the Audit Committee.

Composition of Audit Committee

The Audit Committee comprises a chairman and three directors, all of whom are non-executive and independent directors. The committee members are knowledgeable in finance, industry, and laws and regulations governing SAOG companies.

Audit Committee meetings

The Audit Committee met six times in 2023, as detailed below:

1 . 15 February 2023
2. 25 April 2023
3. 5 July 2023
4. 24 July 2023
5. 27 September 2023
6. 26 October 2023

The attendance record of the Audit Committee meetings was as follows:

Sl No	Director's name	Designation	Status	Meetings attended
1.	**Sultan Khalifa Saleh Al-Tai**	Chairman	Independent	6
2.	**Ibrahim Mohamed Hamed Al Harthi**	Member	Independent	6
3.	**Abdullah Mohammed Ali Al Mamari**	Member	Independent	6
4.	**Nabil Hamed Zahran Al-Mahrouqi**	Member	Independent	6

EXECUTIVE COMMITTEE

Role of Executive Committee

The Executive Committee is delegated the powers and authority to facilitate the smooth running of the operations of the Company and to provide the Board with a mechanism for considering in-depth any issue that the Board considers requiring detailed attention. The Committee's main areas of competence are to review the following points:

- Strategic issues
- Investment decisions
- Treasury and liquidity management
- Business plans and budgets
- Major changes in policies and procedures
- Proposals for new business areas
- Progress reviews
- Staff matters
- Other matters referred by the Board to the Committee

Composition of Executive Committee

The Executive Committee comprises a chairman and three directors; all are independent.

Executive Committee meetings

The Executive Committee met six times in 2023 as detailed below:

1. 31 January 2023
2. 27 April 2023
3. 28 May 2023
4. 17 September 2023
5. 29 October 2023
6. 10 December 2023

The attendance record of the Executive Committee meetings was as follows:

Sl No	Director's name	Designation	Status	Meetings attended
1.	**His Highness Sheikh Mohammed Bin Sultan Al Nahyan**	Chairman	Independent	6
2.	**Dr. Saif Salim Saif Al-Harthi**	Member	Independent	6
3.	**Abdullah Mohammed Ali Al Mamari**	Member	Independent	6
4.	**Mohammed Saif Al Kaabi**	Member	Independent	6

NOMINATION & REMUNERATION COMMITTEE

The Board constituted the "Nomination and Remuneration Committee" in 2016 to assist and advise the Board on the following matters:

- Establishing remuneration & incentive policy for Directors & Executive Management
- Defining bonus policy for Executive Management
- Appointment of skilled persons to the Board & Executive Management
- Succession planning for Directors & Executive Management

The Remuneration and Nomination Committee comprises a chairman and two Directors; all are independent.

The Nomination & Remuneration Committee met three times in 2023 as detailed below:

1. 29 January 2023
2. 10 May 2023
3. 24 September 2023

The attendance record of the Committee meetings was as follows:

Sl No	Director's name	Designation	Status	Meetings attended
1.	**Ibrahim Mohamed Hamed Al Harthy**	Chairman	Independent	3
2.	**Mohammed Saif Al Kaabi**	Director	Independent	3
3.	**Nabil Hamed Zahran Al-Mahrouqi**	Director	Independent	3

REMUNERATION OF DIRECTORS

Sitting fees are paid to the Board and committee members to take account of the additional work involved. The details of sitting fees are shown below:

- Board Meetings – RO 800 per meeting.
- Audit Committee Meetings – RO 600 per meeting.
- Executive Committee Meetings – RO 600 per meeting.
- Nomination & Remuneration Committee sitting fee – RO 600 per meeting.

Details of total sitting fees for the year are given below:

1.	Total sitting fees of the Board of Directors meetings	RO 39,200
2.	Total sitting fees of the Audit Committee meetings	RO 13,200
3.	Total sitting fees of the Executive Committee meetings	RO 12,200
4.	Total sitting fees of the Nomination & Remuneration Committee meetings	RO 5,400
	Total sitting fees	**RO 70,000**

The details of amounts paid to / proposed for directors for 2023 are shown below:

SI No	Director's name	Sitting fees	Proposed Remuneration	Total
		RO	RO	RO
1.	**Dr. Saif Salim Saif Al-Harthi**	10,000	42,857	52,857
2.	**His Highness Sheikh Mohammed Bin sultan Al Nahyan**	10,000	42,857	52,857
3.	**Ibrahim Mohamed Hamed AL Harthi**	10,000	42,857	52,857
4.	**Sultan Khalifa Saleh Al-Tai**	10,000	42,857	52,857
5.	**Abdullah Mohammed Ali Al Mamari**	10,000	42,857	52,857
6.	**Mohammed Saif Al Kaabi**	10,000	42,857	52,857
7.	**Nabil Hamed Zahran Al-Mahrouqi**	10,000	42,858	52,858
	Total (RO)	**70,000**	**300,000**	**370,000**

The total sitting fees for each director and the total sitting fees and remuneration for all directors are within the provisions of the Articles of Association and the Commercial Companies Law (18/2019).

MANAGEMENT REMUNERATION

During the year 2023, the total salaries, perquisites, and other benefits of the top five executives in the company amounted to RO 679,372.

During the year 2023, the following two senior managers of the Company retired from their service:

SI No	Name	Designation held	Retirement date
1.	**Mr. Abdul Haleem Ali Issa Al Sabbagh**	Division Head, Support Services	9 September 2023
2.	**Mr. Hafedh Awadh Fatah Bait Hadid**	Division Head, Sales	31 December 2023

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Throughout 2023, several projects benefitting Society were undertaken. In fulfilling our role as a socially responsible corporate entity, we responded to the need of the hour by contributing to various social responsibility activities, covering donations to education, health & charity institutes.

SHAREHOLDERS

The shareholders who owned 5% or more of the share capital of the Company as of 31 December 2023 were as follows:

SI No	Shareholder's name	% Of shareholding	Number of shares held
1.	**ABS Lubricants**	40.0%	27,600,000
2.	**Civil Service Employees Pension Fund**	13.2%	9,081,781
3.	**Public Authority for Social Insurance**	9.5%	6,567,909
4.	**Mohammed Hamed Mohammed Al Harthy**	5.7%	3,919,700
5.	**Ministry of Defense Pension Fund**	5.3%	3,683,930
	Total	**73.7 %**	**50,853,320**

DISTRIBUTION OF SHAREHOLDING

Category of shares	Number of shareholders	Number of shares	% Of shareholding
Up to 5,000	1022	1,656,205	2.4%
5,001 – 30,000	345	2,701,278	3.9%
30,001 -50,000	27	1,115,259	1.6%
50,001 – 100,000	15	1,083,748	1.6%
100,001 – 400,000	18	3,065,901	4.4%
Above 400,000	14	59,377,609	86.1%
Total	**1,441**	**69,000,000**	**100%**

DIVIDEND POLICY

The Board of Directors will maintain a sustainable dividend policy that will address the financial strength of the Company, support its long-term strategies, and, at the same time, pay a reasonable dividend to the shareholders in compliance with the Commercial Companies Law (18/2019).

COMMUNICATION WITH SHAREHOLDERS

The annual and quarterly financial statements are published in two newspapers (Arabic and English). All information relating to the Company, including news and financial results, is available on the Company's website and the Muscat Securities Market website. The Annual General Meeting offers an additional opportunity for the directors to meet with shareholders.

The Annual Report includes the Management Discussions and Analysis Report.

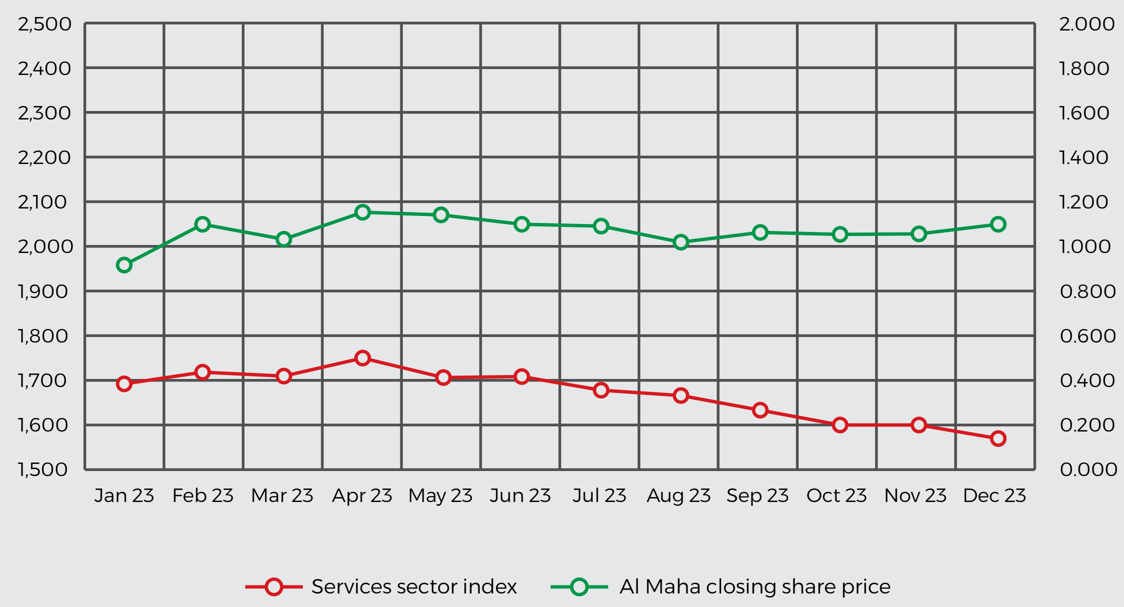
The Company had no GDRs/ADRs/Warrants or other convertible warrants as of 31 December 2023, so the impact on equity is nil.

MARKET PRICE DATA

The monthly market prices during 2023 are shown in the following table:

Month	High RO/ share	Low RO/ share	Close RO/ share
January	0.920	0.888	0.920
February	1.100	0.904	1.100
March	1.200	1.030	1.030
April	1.150	0.992	1.150
May	1.150	1.035	1.135
June	1.135	1.035	1.100
July	1.100	1.086	1.089
August	1.085	1.010	1.012
September	1.070	1.000	1.060
October	1.100	0.955	1.050
November	1.080	0.995	1.050
December	1.090	1.005	1.090

Performance in comparison to MSX services sector index



STATUTORY AUDITORS

EY is a global leader in assurance, tax, strategy & transactions, and consulting services. EY is committed to doing its part in building a better working world. The insights and quality services which EY delivers help build trust and confidence in the capital markets and in economies the world over.

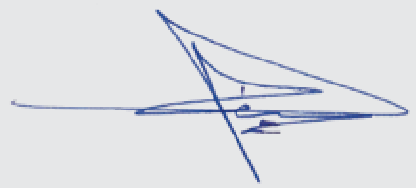
The MENA practice of EY has been operating in the region since 1923. For over 100 years, we have grown to over 8,000 people united across 26 offices and 15 countries, sharing the same values and an unwavering commitment to quality. EY MENA forms part of EY's EMEIA practice. Globally, EY operates in more than 150 countries and employs 395,000 professionals in 700 offices. Please visit ey.com for more information about EY.

DETAILS OF NON-COMPLIANCE WITH THE PROVISIONS OF CORPORATE GOVERNANCE

The Company complies with the Code of Corporate Governance provisions, with no penalties imposed by CMA/MSM during this report's period.

ACKNOWLEDGEMENT BY THE BOARD OF DIRECTORS

1. The Board of Directors is responsible for approving financial statements that show the Company's actual financial status.
2. The Board oversees the Company's internal controls, managing risks and assuring against misstatements or loss.
3. The Board reviewed the internal controls and is satisfied with their efficacy in implementing the Code's requirements. The Board believes there are no material issues affecting the Company's continuity for the financial year ending on 31 December 2024.



Chairman

Director

Management Discussions and Analysis

BUSINESS & OBJECTIVES

The Company is primarily engaged in strategically marketing and distributing a diverse range of petroleum products, including Gasoline (M91 & M95), diesel, aviation fuel, kerosene, and lubricants. This focused approach underscores the company's commitment to excellence in serving the dynamic needs of the energy sector.

The Company's primary objectives are:

1. To consistently enhance shareholder value and ensure equitable, stable returns.
2. To expand market presence and effectively address competitive challenges across all business areas.
3. To elevate the corporate reputation through improved customer service and enhanced brand recognition.
4. To actively recruit and develop Omani youth, nurturing their professional growth.
5. To maintain a stringent commitment to Quality, Health, Safety and Environment (QHSE).

BUSINESS OPERATIONS

The Company operates its business through the following segments:

1. Retail
2. Commercial
3. Aviation
4. Lubricant

Below is an elaboration on the performance of the major segments:

1. Retail Segment

The retail sales segment is the primary revenue driver, accounting for almost 72% of our business in 2023.

During the year, the retail sales segment recorded many achievements as outlined below:

- The Company has inaugurated eight new fuel stations, located at Ramlat Khelah, Al Ansab Heights, Wadi Al Maawil, Qarn Alam, Al Mabilah, Ibra, Yanqul, and Samail, increasing the total network to 248 fuel stations across Oman. Furthermore, enhancements and major modifications have been made to three existing stations at Al Hail North, Sahalanoot, and Sohar, elevating service levels and ensuring an improved customer experience.
- Established additional convenience stores and other service centers to enhance the retail sector, diversify non-fuel revenues, and create a unique experience for our customers.
- The Company introduced new automated NFC cards to streamline the customer refueling process and implemented RFID technology to improve the efficiency and security of fuel transactions

- A 37% increase in the registered and active Al Maha NSS Fuel Cards was achieved following the implementation of innovative smart card technology
- In 2023, 'Fuely' sales surged by 127%, driven by a rising demand for onsite fuel delivery among B2B customers.
- Retail sales saw a notable increase due to effective promotional campaigns attracting customers and boosting sales.

2. Commercial Segment

The Commercial segment, the second-largest business area of the Company and accounting for about 16% of total revenue in 2023, encountered notable challenges amidst intense competition. A key issue was the reduced demand for Gasoil, primarily due to major customers shifting towards gas for electricity generation. Despite these hurdles, the segment shows promising signs of growth. Increased government spending and foreign investment in infrastructure are expected to bolster commercial activities and drive growth in this segment.

3. Aviation Segment

In 2023, the Aviation Segment played a pivotal role in the company's sales, achieving remarkable growth in aviation fuel sales. This growth was driven by a significant increase in fuel supply to Oman Air and other leading airlines, marking a robust return to stability in the aviation industry.

A key highlight of the year was the Company's strategic win of a prestigious contract from Oman Airports. This contract entrusts the Company with managing the fuel farm at Muscat International Airport for five years, from January 2023 to 2027. This accomplishment not only diversifies the Company's income streams but also firmly establishes its presence as a major market player, showcasing its ability to thrive amidst intense competition.

4. Lubricants Segment

In 2023, the Lubricant Segment experienced significant progress, supported by the growing popularity of Al Maha's lubricant products in both local and regional markets. Launching the 'AMPRO' brand – representing Al Maha's professional range of lubricants – was a pivotal factor in enhancing product appeal.

A noteworthy development in 2023 was the company's new and exclusive seven-year commercial agency agreement with 'Now Fuel Co' in Saudi Arabia. This strategic partnership will strengthen the company's presence in the Saudi market by focusing on the distribution of Al Maha lubricants across the Kingdom. This move, indicative of the company's ambition to expand its reach, is set to substantially bolster the Lubricant Segment's growth and further cement Al Maha's position in the regional markets. The company's commitment to maintaining high-quality standards and innovative strategies promises a bright future for the Lubricant Segment.

FINANCIAL PERFORMANCE

	2023 (RO'000)	2022 (RO'000)	Increase (RO'000)	Increase %
Sales	**493,810**	492,731	1,079	0.2%
Cost of Sales	**(465,909)**	(465,237)	672	0.1%
Gross profit	**27,901**	27,494	407	1.5%
Other income	**6,578**	4,949	1,629	33%
Total expenses	**(28,166)**	(26,251)	1,915	7.3%
Net profit after tax	**6,313**	6,192	121	2%
Earnings per share (RO)	**0.091**	0.090	0.001	1%
Book value per share (RO)	**0.695**	0.689	0.006	0.9%
Retained earnings (RO'000)	**36,672**	36,224	448	1.2%
Total equity (RO'000)	**47,976**	47,528	448	0.9%

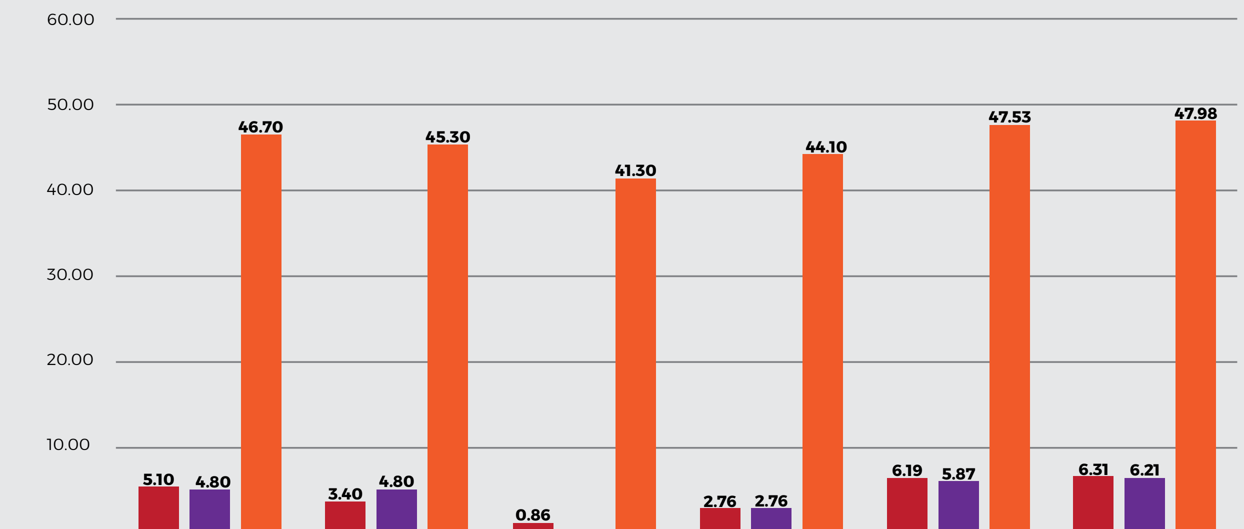
Sales increased to RO 493.8 million in 2023 (2022: RO 492.7 million), driven primarily by the Retail Segment, which had the most significant impact on this increase. Growth was also supported by the Aviation and Lubricants Segments, contributing positively to the overall sales volume.

The company's expenses saw an increase of RO 1.9 million (7.3%), which is in line with the increase in sales and other income. This increase in expenses is due to various factors, including staff costs, operating and administrative expenses, finance costs, and income tax.

Net profit after tax increased to RO 6.313 million in 2023 (2022: RO 6.192 million), an increase of RO 121k (2%) mainly due to the increase in sales.

Return on equity increased in 2023 compared with 2022 due to an increase in net profit in 2023.

Below is a chart that indicates the net profit, dividend, and net equity since 2018:



	2018	2019	2020	2021	2022	2023
Net Profit	5.10	3.40	0.86	2.76	6.19	6.31
Dividents	4.80	4.80	-	2.76	5.87	6.21
Net Equity	46.70	45.30	41.30	44.10	47.53	47.98

QUALITY, HEALTH, SAFETY AND ENVIRONMENT (QHSE)

The Company is committed to conducting business with a robust Quality, Health, Safety, and Environmental conscience, ensuring sustainable development, safe workplaces, and enrichment of the quality of life of its employees, customers, and the community as a top priority.

Compliance with Quality, Health, Safety, and Environment systems, procedures, and laws is monitored at the unit, division, and corporate levels. The Company's QHSE activities are reviewed periodically in board meetings.

The continuous improvement year after year in achievements of Quality (ISO 9001), Health & Safety (ISO 45001), & Environment (ISO 14001) certificates are a testament to our consciousness at all levels regarding the importance of commitment to Quality, Health, Safety, & Environment guidance.

Throughout the year, comprehensive audits of the Quality, Health, Safety, and Environmental systems were conducted across various Company offices, sites, and projects. In addition, a series of specialized training programs in quality, health, safety, and environment were organized throughout the Company, aiming to enhance awareness and improve the proficiency of all employees.

HUMAN RESOURCES

The company is dedicated to advancing its workforce capabilities through strategic human resources development. This commitment is reflected in a series of initiatives launched in 2023, focusing on employee engagement and readiness for future challenges. These initiatives have successfully created an environment that is both inspiring and conducive to motivation.

In 2023, the Omanisation level impressively reached 90.6%, indicating a strong commitment to local talent development. The total number of employees stood at 351 at the end of the year, each bringing unique skills and contributing to the company's collective strength and success.

FUTURE OUTLOOK

As we advance into 2024, the economic landscape of Oman shows promising signs of growth and stability, aligning with the objectives of Oman Vision 2040 and the Tenth Five-Year Development Plan. The Government's cautious budgeting, assuming an average oil price of $60 per barrel and achieving economic growth of at least 3%, indicates a balanced strategic approach toward maintaining financial resilience in the face of global economic volatility and oil price fluctuations.

Our Company is poised to thrive in this environment, with the Sultanate focusing on stimulating economic growth and maintaining inflation at moderate levels. The Government's commitment to enhancing the business environment and fostering foreign investment creates favorable conditions for us to explore new markets and strengthen our existing operations.

In light of the Government's initiatives like the Sustainable Finance Framework and the Public Debt Law, we are prepared to adapt our strategies to align with these developments, ensuring sustainable and responsible growth. The emphasis on digital transformation and the enhancement of the business environment also present opportunities for our Company to integrate more innovative solutions and expand into emerging markets.

Furthermore, the Government's significant investment in infrastructure, health, education, and social welfare sectors opens up new avenues for collaboration and growth. We intend to leverage these opportunities, particularly in areas receiving substantial government investment.

Looking forward, the company is actively planning to expand into new markets within the GCC region to ensure sustainable and robust growth. Additionally, there is a focus on exploring alternate energy businesses as part of our diversification and decarbonization strategy.

In conclusion, our outlook for 2024 is one of cautious optimism. We are strategically positioned to navigate through the challenges and capitalize on the opportunities presented by Oman's economic landscape. Our commitment remains strong towards aligning with national economic goals, ensuring sustainable development, and contributing positively to the Sultanate's prosperity.

Audited Financial Statements

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C.R. No. 1224013
PR No. HMH/15/2015; HMA/9/2015

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL MAHA PETROLEUM PRODUCTS MARKETING COMPANY SAOG

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Al Maha Petroleum Products Marketing Company SAOG (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the 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.

Emphasis of matter

We draw attention to note 27 to the financial statements, which sets out the status of a claim against the Company from a fuel supplier. The Board of Directors based upon a review of documents and records available, and discussions with the in-house legal counsel, believes that the Company has a firm legal basis and there will not be any significant liability on the Company. Therefore, the Company has not recognised any provisions in this regard in these financial statements. Our opinion is not modified in respect of this matter.

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL MAHA PETROLEUM PRODUCTS MARKETING COMPANY SAOG (CONTINUED)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matter	*How our audit addressed the key audit matter*
Expected credit loss allowance for trade receivable As at the year end, the Company had trade receivables of RO 81,881 thousand which comprises 49 % of total assets in the statement of financial position. The determination as to whether a trade receivable is collectable involves management judgement. Specific factors management considers include the age of the balance, location of customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. Management uses this information to determine whether a provision for impairment is required either for a specific transaction or for a customer's balance overall. We focused on this area because it requires a high level of management judgement and due to the materiality of the amounts involved. The accounting policy and disclosures relating to allowance for impaired debts are set out in notes 2.12 and 14 to the financial statements, respectively.	Our audit procedures in this area included the following: - We obtained an understanding of the methodology and process followed by the management for computing expected credit losses (ECL) and performed walkthrough tests to confirm our understanding. - We evaluated the management's methodology against the requirements of IFRS-9 Financial Instruments. - We evaluated the completeness, accuracy and relevance of data used in the ECL model and assumptions and judgments used by management by comparing to historical collection trends. - We independently recomputed the ECL, using our internal experts and compared the required ECL against management's ECL amount. - We assessed the adequacy and appropriateness of the disclosures in the financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AL MAHA PETROLEUM PRODUCTS MARKETING COMPANY SAOG (CONTINUED)

Report on the audit of the financial statements (continued)

Other information included in the Company's 2023 Annual Report
Other information consists of the information included in the Company's 2023 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. We obtained the following information prior to the date of our auditor's report, and we expect to obtain the published 2023 Annual Report after the date of our auditor's report:

- Chairman's report
- Corporate governance report
- Management discussion and analysis

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

In connection with our audit of the financial statements, our responsibility is to read the other information, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, 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 Audit Committee for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and their preparation in compliance with the relevant requirements of the Commercial Companies Law of 2019 and the Capital Market Authority (the "CMA") of the Sultanate of Oman, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 Company or to cease operations, or has no realistic alternative but to do so.

Audit committee is responsible for overseeing the Company's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AL MAHA PETROLEUM PRODUCTS MARKETING COMPANY SAOG (CONTINUED)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the 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 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 auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with audit committee 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 audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to 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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AL MAHA PETROLEUM PRODUCTS MARKETING COMPANY SAOG (CONTINUED)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

Report on other legal and regulatory requirements

We report that the financial statements comply, in all material respects, with the relevant requirements of the Commercial Companies Law of 2019 and CMA of the Sultanate of Oman.

Ernst + Young

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ERNST & YOUNG LLC
C.R. No. 1224013

Mohamed Al Qurashi
Muscat
27 February 2024

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

ASSETS	Notes	2023 RO'000	2022 RO'000
Non-current assets			
Property, plant and equipment	9	**29,428**	28,191
Investment properties	10	**447**	494
Right -of- use assets	11	**6,296**	6,368
Contract assets-non current	12	**2,643**	3,085
Deferred tax assets	8	**2,776**	2,741
		41,590	40,879
Current assets			
Inventories	13	**4,013**	3,824
Trade and other receivables	14	**76,560**	69,647
Contract assets - current	12	**1,952**	1,952
Bank balances and cash	15	**42,389**	35,241
		124,914	110,664
TOTAL ASSETS		**166,504**	151,543
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**6,900**	6,900
Legal reserve	17	**2,300**	2,300
Special reserve	18	**2,104**	2,104
Retained earnings		**36,672**	36,224
Total equity		**47,976**	47,528
Liabilities			
Non-current liabilities			
Lease liabilities – non current	11	**6,152**	6,163
Employees' end of service benefits	19	**251**	235
		6,403	6,398
Current liabilities			
Trade and other payables	20	**49,192**	51,342
Short term borrowings	21	**59,559**	42,900
Lease liabilities – current	11	**659**	720
Contract liabilities – current	12	**1,444**	1,462
Income tax payable	8	**1,271**	1,193
		112,125	97,617
Total liabilities		**118,528**	104,015
TOTAL EQUITY AND LIABILITIES		**166,504**	151,543
Net assets per share (RO)	25	**0.695**	0.689

These financial statements were approved and authorized for issue by the Board of Directors on 18 February 2024 and signed on their behalf by:

CHAIRMAN

DIRECTOR

The attached notes 1 to 31 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 RO'000	2022 RO'000
Revenue	4	**493,810**	492,731
Cost of sales		**(465,909)**	(465,237)
GROSS PROFIT		**27,901**	27,494
Other operating income	5	**6,578**	4,949
Operating expenses	6.1	**(24,007)**	(23,588)
Administrative and general expenses	6.2	**(1,923)**	(1,061)
OPERATING PROFIT		**8,549**	7,794
Finance costs	7	**(2,838)**	(1,899)
Finance income		**1,792**	1,422
PROFIT BEFORE INCOME TAX		**7,503**	7,317
Income tax expense	8	**(1,190)**	(1,125)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**6,313**	6,192
Basic and diluted earnings per share (RO)	26	**0.091**	0.090

The attached notes 1 to 31 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital RO'000	Legal reserve RO'000	Special reserve RO'000	Retained earnings RO'000	Total RO'000
At 1 January 2022	6,900	2,300	2,104	32,792	44,096
Profit and total comprehensive income for the year	-	-	-	6,192	6,192
Cash dividends (note 22)	-	-	-	(2,760)	(2,760)
At 31 December 2022	6,900	2,300	2,104	36,224	47,528
Profit and total comprehensive income for the year	**-**	**-**	**-**	**6,313**	**6,313**
Cash dividends (note 22)	**-**	**-**	**-**	**(5,865)**	**(5,865)**
At 31 December 2023	**6,900**	**2,300**	**2,104**	**36,672**	**47,976**

The attached notes 1 to 31 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 RO'000	2022 RO'000
OPERATING ACTIVITIES:			
Profit before tax:		**7,503**	7,317
Adjustments for:			
Depreciation on property, plant and equipment	9	**3,406**	3,562
Depreciation on investment properties	10	**47**	47
Depreciation on right of use assets	11	**970**	948
Amortisation of contract assets	12	**220**	215
Allowance / (reversal of) for expected credit losses	12 & 14	**277**	(367)
Provision for slow moving inventory	13	**32**	86
Allowance for expected credit losses on bank balances	15	**39**	5
Accruals for employees' end of service benefits	19	**40**	36
(Reversal) / provision for impairment of property, plant and equipment		**(197)**	110
Gain on disposal of property, plant and equipment		**(5)**	(33)
Finance income		**(1,792)**	(1,422)
Finance costs	7	**2,838**	1,899
Operating cash flows before working capital changes		**13,378**	12,403
Inventories		**(221)**	(32)
Trade and other receivables		**(7,007)**	(10,595)
Trade and other payables		**(2,168)**	7,815
Operating cash flows after working capital changes		**3,982**	9,591
Employees end of service benefits paid	19	**(24)**	-
Income taxes paid	8	**(1,147)**	(833)
Net cash flows from operating activities		**2,811**	8,758
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**18**	45
Purchases of property, plant and equipment	9	**(4,459)**	(3,454)
Finance income received		**1,792**	1,422
Net cash flows used in investing activities		**(2,649)**	(1,987)
FINANCING ACTIVITIES			
Payment of principal and interest portion of lease liabilities	11	**(1,387)**	(1,145)
Proceeds from short-term borrowings		**586,420**	751,427
Repayment of short-term borrowings		**(569,761)**	(750,527)
Finance costs paid		**(2,421)**	(1,431)
Dividend paid	22	**(5,865)**	(2,760)
Net cash flows from / (used in) financing activities		**6,986**	(4,436)
Net increase in Bank balances and cash		**7,148**	2,335
Bank balances and cash at 1 January		**35,241**	32,906
Bank balances and cash at 31 December	15	**42,389**	35,241

Note: Certain capital work in progress have been transferred to contract assets at a net book value of RO Nil (2022: RO 227 thousand) (note 9).

The attached notes 1 to 31 form part of these financial statements.

1. Legal status and principal activities

Al Maha Petroleum Products Marketing Company SAOG (the "Company") is a public joint stock company registered under the Commercial Companies Law of the Sultanate of Oman. The shares of the Company are listed on Muscat Stock Exchange. The principal activity of the Company is the marketing and distribution of petroleum products. The principal place of business is located at Ghala, Sultanate of Oman.

In December 2022, the Company signed a partnership agreement with Vince Arabia in Kingdom of Saudi Arabia and registered its first overseas branch in Dammam, Kingdom of Saudi Arabia, named as "Al Maha Petroleum Products Marketing Company – KSA branch", bearing Commercial Registration number 2050165463.

The principal activity of the branch is to construct and operate filling stations, there were no operations during the year for the branch.

2. Basis of preparation and summary of material accounting policies

The principal accounting policies are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") and the requirements of the Commercial Companies Law of the Sultanate of Oman and the Capital Market Authority ("CMA"). The Company has prepared the financial statements on the basis that it will continue to operates as a going concern (note 3.7).

b) Basis of measurement

The financial statements have been prepared on the historical cost convention.

c) Presentation and functional currency

These financial statements are presented in Rial Omani ("RO"), which is the Company's functional currency. All financial information presented in Rial Oman has been rounded to nearest thousands, unless otherwise indicated.

Following are the material accounting policies adopted by the Company:

2.2 Revenue from contracts with customers

The Company's principal activity is marketing and selling fuel and petroleum products.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company 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.

2. Basis of preparation and summary of material accounting policies (continued)

2.2 Revenue from contracts with customers (continued)

Sale of fuel and petroleum products

Revenue from sale of fuel 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 Company's terms of sales require amounts to be paid on average of 30 -90 days from the date of delivery.

The Company considers whether there are other promises in the contract that 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 Company considers the effects of variable consideration. If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Volume Rebate

The Company applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Company 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 Company applies the most likely amount method for contracts with a single-volume.

2.3 Directors' remuneration

The Company follows the Commercial Companies Law, and other relevant directives issued by CMA, in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to the statement of comprehensive income in the year to which it relates.

2.4 Employees' end of service benefits

End of service benefits are accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labor Law. Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

2. Basis of preparation and summary of material accounting policies (continued)

2.4 Employees' end of service benefits (continued)

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law of 1991 are recognised as an expense in the statement of comprehensive income as incurred.

2.5 Income tax

Taxation is provided for based on relevant tax laws of the Sultanate of Oman in which the Company operates.

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 is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, based on laws that have been enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

2.6 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

2. Basis of preparation and summary of material accounting policies (continued)

2.6 Property, plant and equipment (continued)

Recognition and measurement (continued)

separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of comprehensive income as incurred.

Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that future economic benefits embodied within the part will flow to the Company and the cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income, as incurred.

Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

	Years
Buildings and roads	7 - 20
Plant and equipment	3 - 20
Motor vehicles	3 - 7
Furnitures and fixtures	3- 20

Work-in-progress is stated at cost less impairment. When the underlying asset is available for use in its intended condition and location, work-in-progress is transferred to the appropriate property, plant and equipment category and depreciated in accordance with depreciation policy of the Company.

The Company reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Company considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values. Furthermore, the Company considers climate-related matters, including physical and transition risks. Specifically, the Company determines whether climate-related legislation and regulations might impact either the useful life or residual values, e.g., by banning or restricting the use of the Company's fossil fuel-driven machinery and equipment or imposing additional energy efficiency requirements on the Company's assets on fuel stations. The useful lives of property, plant and equipment is lower than lease term.

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future

2. Basis of preparation and summary of material accounting policies (continued)

2.6 Property, plant and equipment (continued)

Depreciation (continued)

economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.7 Investment properties

Property held to earn rentals and/or for capital appreciation and not yet occupied by the Company has been classified as investment property. Investment property is accounted for under cost model and are measured initially at cost, including transaction costs and is accordingly stated at cost less accumulated depreciation. The cost of investment property is its purchase price together with any incidental expenses. The cost of investment property is written down to residual value in equal installments over the estimated useful lives of 20 years.

Where the carrying amount of an investment property is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Rental income on investment property and repairs and maintenance expenses relating to the investment property are recognised in the statement of comprehensive income.

2.8 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who manages the Company on a day-to-day basis, as per the directives given by the Board of Directors that makes strategic decisions.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated cost necessary to make the sale.

The cost of inventories is determined using the first-in-first-out method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Provision is made where necessary for obsolete, slow moving and defective items, based on management's assessment.

2. Basis of preparation and summary of significant accounting policies (continued)

2.10 Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract costs

Contract costs is the cost incurred to fulfil the contract and the relating assets must be amortised on a systematic basis that is consistent with the Company's transfer of the related goods or services to the customer unless there are indications of impairment based on management's estimation of recoverability of contract costs.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

2.11 Trade and other receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

2.12 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order 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 Company's business model for managing financial assets refers to how it manages its financial assets in order 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 of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

2. Basis of preparation and summary of significant accounting policies (continued)

2.12 Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as following:

- Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company 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 (EIR) method and are subject to impairment. Gains and losses are recognised in statement of comprehensive income when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables and bank balances and cash.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass- through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

2. Basis of preparation and summary of significant accounting policies (continued)

2.12 Financial assets (continued)

Derecognition (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables covering under IFRS 15, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For finance lease receivable, the Company applies general approach in calculating the ECL and is determined by using the probability of default (PD), exposure at default (EAD) and loss given default (LGD).

However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or cash generating unit exceeds its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are 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

2. Basis of preparation and summary of significant accounting policies (continued)

2.13 Impairment of non-financial assets (continued)

specified to the asset. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. 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 amortisation, if no impairment loss had been recognised.

The Company assesses whether climate risks, including physical risks and transition risks could have a significant impact. If so, these risks are included in the cash-flow forecasts in assessing value-in-use amounts.

2.14 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables and bank borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost (loans and borrowings):

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest (EIR) method. The effective interest method is the method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition. Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

2. Basis of preparation and summary of significant accounting policies (continued)

2.15 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.16 Cash and bank balances

Cash and bank balances comprise cash at banks and on hand and short-term highly liquid deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

2.17 Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provision for environment remediation, resulting from past operations or events, is recognised in the period in which an obligation to a third party arises and the amount can be reliably estimated. Measurement of liabilities is based on current legal requirements and existing technology.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where some or all of the economic benefits required to settle a provision are expected to be recovered from third parties, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

2.18 Dividends

Dividends are recognised as a liability in the period in which the dividends are approved by the Company's shareholders. Dividends for the year that are approved after the reporting date are dealt with as a non-adjusting event after the reporting date.

2.19 Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

2.20 Fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods. Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

2. Basis of preparation and summary of significant accounting policies (continued)

2.20 Fair values (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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

2.21 Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Foreign exchange gains and losses are recognised in the statement of comprehensive income.

2. Basis of preparation and summary of significant accounting policies (continued)

2.21 Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

2.22 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

2.23 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except

2. Basis of preparation and summary of significant accounting policies (continued)

2.23 Leases (continued)

Company as a lessee (continued)

for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right-of-use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of -use assets are subject to impairment. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
Land	5 - 25

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. Basis of preparation and summary of significant accounting policies (continued)

2.23 Leases (continued)

Company as a lessee (continued)

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.24 New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

- *Definition of Accounting Estimates – Amendments to IAS 8*

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments had no impact on the financial statements of the Company.

- *Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2*

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

2. Basis of preparation and summary of significant accounting policies (continued)

2.24 New and amended standards and interpretations (continued)

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*

  The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

  These amendments had no impact on the financial statements of the Company.

- *IFRS 17 Insurance Contracts*
- *International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12*

These amendments had no significant impact on the financial statements of the Company.

2.25 Standards issued 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 Company 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*

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

2.26 Climate related matters

The Company considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Company due to both physical and transition risks. Even though the Company believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Company is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

2. Basis of preparation and summary of significant accounting policies (continued)

2.26 Climate related matters (continued)

- Useful life of property, plant and equipment

When reviewing the residual values and expected useful lives of assets, the Company considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures.

- Impairment of non-financial assets

The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Company's products.

- Fair value measurement

For investment properties, the Company considers the effect of physical and transition risks and whether investors would consider those risks in their valuation. The Company believes it is not currently exposed to severe physical risks, but believes that investors, to some extent, would consider impacts of transition risks in their valuation, such as increasing requirements for energy efficiency of buildings due to climate-related legislation and regulations as well as tenants' increasing demands for low-emission buildings.

3. 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 judgment in the process of applying the Company's accounting policies. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and judgments 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 judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are set out below.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

3. Critical accounting estimates and judgements (continued)

3.1 Provision for expected credit losses of trade receivables and other provisions

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

At the reporting date, gross trade receivables were RO 81,881 thousand (2022:RO 75,326 thousand) and the allowance for expected credit losses was RO 9,676 thousand (2022: RO 9,400 thousand).

Other provisions is recognised for expected claims if any based on management past experience and expectation that these cost might be incurred in the next financial year.

3.2 Useful lives of property, plant and equipment

The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

3.3 Taxes

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

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

3. Critical accounting estimates and judgements (continued)

Estimates (continued)

3.4 Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

3.5 Net realisable value of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross petroleum products and raw materials were RO 4,334 thousand (2022: RO 4,113 thousand), with provisions for old and obsolete inventories of RO 321 thousand (2022: RO 289 thousand). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the statement of comprehensive income.

3.6 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to right-of-use and property, plant and equipment recognised by the Company.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

3. Critical accounting estimates and judgements (continued)

Judgements (continued)

3.7 Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3.8 Significant judgement in determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate (e.g., a change in business strategy, construction of significant leasehold improvements or significant customisation to the leased asset).

4. Revenue

	2023 RO'000	2022 RO'000
Revenue from sale of goods	357,123	347,948
Revenue from contract with customers	136,687	144,783
	493,810	492,731
Type of sales		
Retail	357,123	347,948
Commercial	78,221	86,005
Others	58,466	58,778
	493,810	492,731
Geographic market - domestic market	493,810	492,731
Timing of revenue recognition Goods transferred at a point in time	493,810	492,731

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

5. Other operating income

	2023 RO'000	2022 RO'000
Reimbursement of transportation costs	2,704	2,684
Muscat airport fuel farm	1,087	-
Fuel card income	670	547
Reimbursement of manpower costs	637	647
Tankers rental income	590	360
Rental - car wash and C stores	558	451
Rental income from investment properties (note 10)	119	142
Advertisement income	21	3
Service income - filling stations	17	16
Others	175	99
	6,578	4,949

6.1 Operating expenses

	2023 RO'000	2022 RO'000
Employee costs:		
Wages, salaries and other benefits	6,535	6,047
Contributions to defined contribution retirement plan	488	458
End of service benefits (note 19)	40	36
	7,063	6,541
Operating expenses:		
Filling station operating expenses	3,740	4,073
License fees	1,269	1,232
Transportation expenses	4,761	4,926
(Reversal) / provision for impairment of property, plant and equipment	(197)	110
Other operating expenses	2,728	1,934
	12,301	12,275
Depreciation and Amortisation:		
Depreciation on property, plant and equipment (note 9)	3,406	3,562
Depreciation on right of use assets (note 11)	970	948
Depreciation on investment property (note 10)	47	47
Amortisation of contract assets (note 12)	220	215
	4,643	4,772
	24,007	23,588

6.2 Administrative and general expenses

	2023 RO'000	2022 RO'000
Legal and professional expenses	**357**	388
Allowance for expected credit losses [note 12,14 and 15(b)]	**316**	(371)
Sales promotion expenses	**288**	200
Vehicle maintenance expenses	**270**	292
Directors sitting fees and expenses	**370**	324
Other administrative expenses	**322**	228
	1,923	1,061

7. Finance costs

	2023 RO'000	2022 RO'000
Interest on short term borrowings (note 21)	**2,408**	1,361
Interest on contract liabilities (note 12)	**9**	70
Accretion of interest on lease liabilities (note 11)	**421**	468
	2,838	1,899

8. Income tax

	2023 RO'000	2022 RO'000
Income tax expense comprises of the following:		
Current taxation charge:		
Current tax expense	**1,225**	1,144
Deferred taxation:		
Deferred tax for the year	**(35)**	(19)
	1,190	1,125

The Company is liable to income tax in accordance with the income tax law of the Sultanate of Oman at the enacted tax rate of 15% on taxable income. For the purpose of determining the tax expense for the year, the accounting profit has been adjusted for tax purposes relating to both income and expense items. After giving effect to these adjustments, the average effective tax rate is estimated to be 16.40% (2022: 15.16%).

8. Income tax (continued)

Tax provision movement is as follows:

	2023 RO'000	2022 RO'000
At 1 January	**1,193**	882
Income tax expense for the year	**1,225**	1,144
Paid during the year	**(1,147)**	(833)
At 31 December	**1,271**	1,193

The following is a reconciliation of income taxes calculated on accounting profits at the applicable tax rate with the income tax expense for the year:

	2023 RO'000	2022 RO'000
Accounting profit before tax	**7,503**	7,317
Tax on accounting profit before tax at 15% (2022: 15%)	**1,125**	1,098
Add tax effect of:		
Non-deductible expenses	**100**	46
Tax charge for the year	**1,225**	1,144

The Company's tax assessment for the year 2018 has been taken up by the Oman Tax Authority and the Company has been issued a demand for payment of additional tax charge of RO 22 thousand due to dis-allowance of directors remuneration for the year 2018 amounting to RO 148 thousand based on internal guidelines of the Tax Authority. The Company has not accepted this disallowance on the basis that the directors remuneration paid for the year 2018 is in accordance with article 101 of Legislations Regulating the Joint Stock Companies listed in Muscat Stock Exchange. Based on the clarification received from the Capital Market Authority in this regard, the Company has filed an objection with the Tax Authority for the disallowance of directors remuneration and the demand for additional tax charge as referred above.

The Company's tax assessments for the years 2021 and 2022 have not yet been assessed by Oman Tax Authority. The management considers that the amount of additional taxes, if any, that may become payable on finalisation of assessment of the open tax years would not be significant to the Company's financial position at 31 December 2023.

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15% (2022: 15%).

8. Income tax (continued)

The deferred tax asset recognised in the statement of financial position is attributable to the following:

	At 1 January RO'000	Charge for the year RO'000	At 31 December RO'000
2023			
Provision for obsolete inventories	**43**	**5**	**48**
Provision for impairment	**1,483**	**19**	**1,502**
Other provisions	**20**	**30**	**50**
Depreciation	**1,118**	**(19)**	**1,099**
Leases	**77**	**-**	**77**
	2,741	**35**	**2,776**

	At 1 January RO'000	Charge for the year RO'000	At 31 December RO'000
2022			
Provision for obsolete inventories	31	12	43
Provision for impairment	1,523	(40)	1,483
Other provisions	79	(59)	20
Depreciation	1,048	70	1,118
Leases	41	36	77
	2,722	19	2,741

9. Property, plant and equipment

	Free hold land RO'000	Building and roads RO'000	Plant and equipment RO'000	Motor vehicles RO'000	Furniture and fixtures RO'000	Capital work in progress RO'000	Total RO'000
Cost							
At 1 January 2023	639	38,370	25,224	3,790	1,455	3,011	72,489
Additions	-	3	123	95	17	4,418	4,656
Transfers	-	2,765	1,159	-	-	(3,924)	-
Disposals	-	(261)	(618)	(273)	(165)	-	(1,317)
At 31 December 2023	639	40,877	25,888	3,612	1,307	3,505	75,828
Accumulated depreciation							
At 1 January 2023	-	19,230	20,310	3,357	1,401	-	44,298
Charge for the year	-	1,874	1,316	188	28	-	3,406
Related to disposals	-	(253)	(613)	(273)	(165)	-	(1,304)
At 31 December 2023	-	20,851	21,013	3,272	1,264	-	46,400
Carrying amount							
At 31 December 2023	639	20,026	4,875	340	43	3,505	29,428

9. Property, plant and equipment (continued)

	Free hold land RO'000	Building and roads RO'000	Plant and equipment RO'000	Motor vehicles RO'000	Furniture and fixtures RO'000	Capital work in progress RO'000	Total RO'000
Cost							
At 1 January 2022	639	37,382	26,853	3,718	1,476	2,353	72,421
Additions	-	8	359	104	2	2,981	3,454
Transfers	-	1,175	921	-	-	(2,096)	-
Transfers – contract assets (note 12)	-	-	-	-	-	(227)	(227)
Disposals	-	(107)	(2,887)	(32)	(23)	-	(3,049)
Write off	-	(88)	(22)	-	-	-	(110)
At 31 December 2022	639	38,370	25,224	3,790	1,455	3,011	72,489
Accumulated depreciation							
At 1 January 2022	-	17,538	21,743	3,121	1,371	-	43,773
Charge for the year	-	1,798	1,443	268	53	-	3,562
Related to disposals	-	(106)	(2,876)	(32)	(23)	-	(3,037)
At 31 December 2022	-	19,230	20,310	3,357	1,401	-	44,298
Carrying amount							
At 31 December 2022	639	19,140	4,914	433	54	3,011	28,191

(i) Property, plant and equipment include filling station assets with a carrying value of RO 23.9 million (2022: RO 23.2 million). These assets are constructed and commissioned on filling station sites leased for periods not exceeding 25 years. Lease rentals for sites managed by the Company are agreed for periods varying from five to ten years. In certain cases where the filling station assets cost is shared between the Company and site owner, only the cost borne by the Company is recognised as property, plant and equipment.

10. Investment properties

2023	**Freehold land RO'000**	**Buildings RO'000**	**Total RO'000**
Cost			
At 1 January and at 31 December	**238**	**943**	**1,181**
Depreciation			
At 1 January 2023	**-**	**687**	**687**
Charge for the year (note 6)	**-**	**47**	**47**
At 31 December 2023	**-**	**734**	**734**
At 31 December 2023	**238**	**209**	**447**

2022	Freehold land RO'000	Buildings RO'000	Total RO'000
Cost			
At 1 January and at 31 December	238	943	1,181
Depreciation			
At 1 January 2022	-	640	640
Charge for the year	-	47	47
At 31 December 2022	-	687	687
At 31 December 2022	238	256	494

a) The rental income during the year from the investment properties amounted to RO 119 thousand (2022: RO 142 thousand) (note 5).

b) At the end of the reporting year, the Company has assessed if there are any indicators for impairment of investment property, considering the impact of global economic outlook and expected recession in the markets on the real estate sector in the Sultanate of Oman.

c) At the end of the reporting year, the fair values of the investment properties amounted to RO 1,529 thousand (2022: RO 1,527 thousand) based on valuation undertaken by professional valuers. The Management has estimated the recoverable amount to be more than the carrying value, and accordingly concluded no impairment loss has arisen for the year.

11. Leases

The Company has lease contracts for various land on which their filling station, depots and office operates. The Company enters into leasing arrangements for filling stations at various locations across the Sultanate of Oman. The lease terms are typically between five and twenty-five years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Company also has certain leases with lease terms of 12 months or less and leases with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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

	2023	2022
	RO'000	RO'000
At 1 January	**6,368**	4,074
Additions during the year	**1,097**	133
Re-measurements / adjustments	**(137)**	3,433
Deletions	**(62)**	(324)
Depreciation for the year (note 6)	**(970)**	(948)
At 31 December	**6,296**	6,368

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2023	2022
	RO'000	RO'000
At 1 January	**6,883**	4,330
Additions during the year	**1,097**	133
Re-measurements / adjustments	**(137)**	3,452
Deletions	**(66)**	(355)
Accretion of interest (note 7)	**421**	468
Payments	**(1,387)**	(1,145)
At 31 December	**6,811**	6,883

Current	**659**	720
Non-current	**6,152**	6,163

11. Leases (continued)

The following are the amounts recognised in statement of comprehensive income:

	2023	2022
	RO'000	RO'000
Depreciation on right of use assets (note 6)	**970**	948
Interest expense on lease liabilities (note 7)	**421**	468
Expense relating to short-term leases/low value assets	**252**	697
	1,643	2,113

Changes in liabilities arising from financing activities:

	1 January 2023	**Cashflows**	**Others**	**31 December 2023**
	RO'000	**RO'000**	**RO'000**	**RO'000**
Lease liabilities	**6,883**	**(1,387)**	**1,315**	**6,811**

	1 January 2022	Cashflows	Others	31 December 2022
	RO'000	RO'000	RO'000	RO'000
Lease liabilities	4,330	(1,145)	3,698	6,883

12. Contract asset / liabilities

	2023	2022
	RO'000	RO'000
Contract assets (note a)	**4,595**	5,037
Contract liabilities (note b)	**1,444**	1,462

12. Contract asset / liabilities (continued)

a) Contract assets at the end of the reporting period comprises the following

2023	**Contract assets RO'000**	**Contract costs RO'000**	**Total RO'000**
At 1 January 2023	**1,605**	**3,452**	**5,057**
Additions during the year	**-**	**8**	**8**
Adjustment	**13**	**-**	**13**
Amortisation during the year (note 6)	**-**	**(220)**	**(220)**
Settled during the year	**(242)**	**-**	**(242)**
	1,376	**3,240**	**4,616**
Less: allowance for expected credit losses	**(20)**	**(1)**	**(21)**
At 31 December 2023	**1,356**	**3,239**	**4,595**
Current portion of contract balances	**1,356**	**596**	**1,952**
Non-current portion of contract balances	**-**	**2,643**	**2,643**

2022	Contract assets RO'000	Contract costs RO'000	Total RO'000
At 1 January 2022	1,782	3,553	5,335
Additions during the year	-	114	114
Discounting impact	(58)	-	(58)
Transfers from CWIP (note 9)	227	-	227
Amortisation during the year (note 6)	-	(215)	(215)
Settled during the year	(346)	-	(346)
	1,605	3,452	5,057
Less: allowance for expected credit losses	(20)	-	(20)
At 31 December 2022	1,585	3,452	5,037
Current portion of contract balances	1,585	367	1,952
Non-current portion of contract balances	-	3,085	3,085

(i) Contract assets at the end of the reporting year represent revenue earned from the contracts with the customers that include construction of filling stations as receipt of consideration is conditional on successful completion of performance obligation. Upon completion of obligation and acceptance by the customer, the amounts recognized as contract assets are reclassified to trade receivables.

12. Contract asset / liabilities (continued)

(ii) Contract costs comprise of the following:

- Initial costs of obtaining a contract consists of incremental costs incurred towards the development of assets for the client which involves implementation and subsequent services to assets.
- Costs to fulfil a contract consists of costs relating directly towards a customer contract which will generate or enhance the resources of the Company, which in turn will enable the Company in satisfying the performance obligations as a part of the contract.

b) Contract liabilities include liability in respect of a contract with a major customer for the construction, management, and operation of retail fuel stations in pre-defined locations within its concession areas. This contract is for 15 years, from September 2020 to August 2035. According to the contract, the Company shall establish eight retail fuel stations in the specified strategic locations, which is subject to the approval of the concerned Government authorities. As on the reporting date, the Company has obtained initial approval from the concerned authority to construct five fuel stations. However, the final approval from the relevant authorities in this regard is still awaited. In respect of the remaining three fuel stations, initial approval was not approved by the relevant authority due to the minimum distance restriction for constructing a filling station. As a result, the Company is discussing with the customer for alternative solutions.

Per the terms of the contract, in return for the customer awarding strategic locations for the construction of fuel stations, a sum of RO 4 million is payable in monthly installments of RO 111,111 each for three years starting from September 2020 till August 2023. Due to the non-resolution of an alternative solution as referred to above, the Company has suspended the monthly installment from August 2022.

On the reporting date, the Company has paid an amount of RO 2,555 thousand to the customer in this regard, and the balance payable amount of RO 1,444 thousand is shown in the books of account as contract liabilities at the present value of RO 1,444 thousand (2022: RO 1,462 thousand).

The Company is ongoing discussion with the customer on the matter and considers the amount paid to the customer in respect of the non-approved locations to be recoverable as the approval of a retail fuel location is not in the control of the Company and management believe that there will be no legal implications as result of suspending the monthly settlement due to the customer.

13. Inventories

	2023 RO'000	2022 RO'000
Petroleum products	**3,661**	3,444
General stores and consumables	**574**	598
Fuel cards	**99**	71
	4,334	4,113
Provision for slow moving inventories	**(321)**	(289)
	4,013	3,824

Movement in the provision for slow moving inventories is as follows:

	2023 RO '000	2022 RO '000
At 1 January	**289**	203
Provided during the year	**32**	86
At 31 December	**321**	289

14. Trade and other receivables

	2023 RO'000	2022 RO'000
Trade receivables	**81,881**	75,326
Less: allowance for expected credit loss	**(9,676)**	(9,400)
	72,205	65,926
Prepayments	**708**	630
Staff receivables	**120**	109
Accrued income	**17**	51
Other receivables	**3,510**	2,931
	76,560	69,647

As at 31 December 2023, trade receivables of RO 9,676 thousand (2022: RO 9,400 thousand) were impaired and provided against.

14. Trade and other receivables (continued)

Movement in the allowance for expected credit loss is as follows:

	2023 RO'000	2022 RO'000
At 1 January	**9,400**	9,767
Provided / (Reversed) during the year	**276**	(367)
At 31 December	**9,676**	9,400

The amounts are considered to be due within 90 days from the date of invoice for majority of customers and the vast majority are unsecured. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. The other classes within trade and other receivables do not contain impaired assets.

15. Bank balances and cash

	2023 RO'000	2022 RO'000
Cash at bank (a)	**42,239**	34,747
Less: Allowance for expected credit loss (b)	**(186)**	(147)
	42,053	34,600
Cash in hand	**336**	641
	42,389	35,241

a) Bank balances and cash include call deposits which earn interest at commercial rates (2022 – same terms).

b) Movement in the allowance for expected credit loss is as follows:

	2023 RO'000	2022 RO'000
At 1 January	**147**	142
Provided during the year (note 6)	**39**	5
At 31 December	**186**	147

16. Share Capital

The authorized share capital comprises 85 million shares of RO 0.100 each (2022: 85 million shares of RO 0.100 each).

At 31 December 2023, the issued and fully paid up share capital comprised 69 million shares of RO 0.100 each (31 December 2022: 69 million shares of RO 0.100 each) (note 25).

The details of shareholders who own 10% or more of the Company's share capital are as follows:

		2023		2022
	%	**No. of shares**	%	No. of shares
ABS Lubricants	**40**	**27,600,000**	40	27,600,000
Civil Service Employees Pension Fund	**13.2**	**9,081,781**	13.2	9,081,781

17. Legal reserve

Commercial Companies Law of Sultanate of Oman promulgated by the Royal Decree No. 18/2019 requires that 10% of a Company's net profit be transferred to a non-distributable legal reserve until the amount of legal reserve becomes equal to at least one-third of the Company's issued share capital. Since the amount of legal reserve has exceeded one-third of the Company's share capital, no further transfers have been made during the year. This reserve is not available for distribution.

18. Special reserve

The Company had established special reserve in prior years to cover against any losses from unforeseen contingencies.

19. Employees' end of service benefits

	2023	2022
	RO'000	RO'000
At 1 January	**235**	199
Charge for the year (note 6)	**40**	36
Paid during the year	**(24)**	-
At 31 December	**251**	235

20. Trade and other payables

	2023	2022
	RO'000	RO'000
Trade payables	**42,484**	45,646
Accrued expenses	**4,119**	3,332
Advance from customers	**435**	799
Other payables	**2,154**	1,565
	49,192	51,342

21. Short-term borrowings

The carrying amount of the Company's short-term loan is denominated in Rial Omani. The short- term loan is unsecured and carries interest at a commercial rate. The Company has adequate facilities with local banks to repay / rollover the loan within 12 months to meet its ongoing business requirements. Interest will be paid based on the maturity date.

Changes in liabilities arising from financing activities:

	1 January RO'000	**Cash inflows RO'000**	**Cash outflows RO'000**	**31 December RO'000**
Short term loan 2023	**42,900**	**586,420**	**(569,761)**	**59,559**
Short term loan 2022	42,000	751,427	(750,527)	42,900

The loan agreements contain certain restrictive covenants, which include, amongst other restrictions routing of cashflows, maintenance of leverage, gearing and current ratios. As at the reporting date, the Company is in compliance with the covenants.

22. Dividends paid and proposed

Dividends paid

During the year dividend of RO 0.085 per share amounting to RO 5.865 million relating to 2022 was declared and paid (2021: RO 0.040 per share amounting to RO 2.760 million).

Proposed dividend

The Board of Directors has proposed a cash dividend of RO 0.090 per share amounting to RO 6.210 million for the year ended 31 December 2023 which is subject to the approval of the shareholders at Annual General Meeting to be held on 26 March 2024.

23. Related Party Transactions

The Company has entered into transactions with members of the Board of Directors and members of the key management personnel of the Company. Transactions with related parties are considered by the Board of Directors to be at normal commercial terms and are as follows:

	2023 RO'000	2022 RO'000
Transactions with other entities related to Directors:		
Revenue	**-**	410
Transactions with Directors:		
Directors' remuneration and sitting fees	**370**	324
Operating lease payment for a filling station owned by a director	**24**	24
	394	348

At 31 December 2023, there were no transactions with shareholders holding 10% or more interest in the Company (2022: nil). Amounts due from related parties are interest free and on normal credit terms (2022: same terms).

Compensation of key management personnel

The remuneration of key management personnel during the year were as follows:

	2023 RO'000	2022 RO'000
Short-term benefits	**660**	658
Employees' pension and end of service benefits	**19**	21
	679	679

24. Financial Risk Management

24.1 Financial risk factors

The Company'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 Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management is carried out by management under policies approved by the Board of Directors.

24.2 Market risk

24.2.1 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 exchange risk arising from currency exposures primarily with respect to US

24. Financial risk management (continued)

24.2 Market risk (continued)

24.2.1 Foreign exchange risk (continued)

Dollars. As the Company's commercial transactions are primarily in foreign currencies pegged to Rial Omani, the management has not taken any forward contracts. Since most of the foreign currency transactions are either in US Dollars or in currencies linked to US Dollar, management believes that should these currencies weaken or strengthen against the Rial Omani, there would be an insignificant or no impact on the post tax profits.

24.2.2 Interest rate risk

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

24.3 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, as well as credit exposures to customers. The Company 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 Company requires bank guarantees on higher credit risk customers. The Company does not require collateral in respect of all other financial assets.

The Company only deals with commercial banks in Oman with good ratings. Management does not expect any of its counter parties 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 Company's performance to developments affecting a particular industry or geographical location.

The Company has significant concentrations of credit risk with the Government sector. At 31 December 2023, Government organisations in Oman accounted for 46% (2022: 36%) of the outstanding trade accounts receivables. At 31 December 2023, there were no other significant concentrations of credit risk.

Credit risk on other financial assets, including cash and cash equivalents arises from the risk of default of the counterparty, with a maximum exposure equal to the carrying amount of these balances. Cash and bank balances are placed with reputed financial institutions in the Sultanate of Oman.

24. Financial risk management (continued)

24.3 Credit risk (continued)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2023 RO'000	2022 RO'000
Trade receivables (note 14)	**81,881**	75,326
Bank balances and cash (note 15)	**42,239**	34,747
	124,120	110,073

The table below shows the balances with banks categorized by short-term credit ratings as published by Moody's as at the reporting date:

Description	Ratings	2023 RO'000	2022 RO'000
Bank balances	Aa3, A2 & Ba1	**42,239**	34,747

Trade receivables and contract assets

The Company has a credit policy in place for trade receivables and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Expected credit losses (ECL)

The Company applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables and contract assets. The Company derives its expected credit loss rates using a payment profile of sales and the corresponding historical credit losses experienced within this period. The historical rates are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the changes in gross domestic product to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in the factor. On that basis, the loss allowance was determined as follows for trade receivables and contract assets:

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24. Financial risk management (continued)

24.3 Credit risk (continued)

	Trade receivables						
			Days past due				
31 December 2023	**Contract assets RO'000**	**Current**	**< 30 days RO'000**	**31 - 180 days RO'000**	**> 180 days RO'000**	**> 365 days RO'000**	**Total RO'000**
Expected credit loss rate	**0.45%**	**0.27%**	**0.44%**	**1.87%**	**17.25%**	**100%**	**11.82%**
Gross carrying amount	**4,616**	**40,038**	**13,193**	**17,324**	**2,586**	**8,740**	**81,881**
Expected credit loss	**21**	**108**	**58**	**324**	**446**	**8,740**	**9,676**

	Trade receivables						
			Days past due				
31 December 2022	Contract assets RO'000	Current RO'000	< 30 days RO'000	31 - 180 days RO'000	> 180 days RO'000	> 365 days RO'000	Total RO'000
Expected credit loss rate	0.39%	0.44%	0.62%	2.38%	23.76%	100%	12.48%
Gross carrying amount	5,057	44,449	10,924	10,372	905	8,676	75,326
Expected credit loss	20	194	68	247	215	8,676	9,400

24.4 Liquidity risk

The Company limits its liquidity risk by ensuring bank facilities are available. The Company's terms of sales require amounts to be paid on an average of 30 days from the date of sale. Trade payables are normally settled within 90 days of the date of purchase.

Management has taken several steps in protecting cash flows through compensating cost saving measures and reductions to discretionary capital expenditure. Further, the Company aims to maintain the level of its cash and cash equivalents at an amount sufficient to meet cash outflows in a range of scenarios.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

2023	**Up to one year RO'000**	**1-5 years RO'000**	**More than 5 years RO'000**	**Total RO'000**
Lease liabilities (note 11)	**1,058**	**2,123**	**6,451**	**9,632**
Short term borrowings (note 21)	**59,559**	**-**	**-**	**59,559**
Trade and other payables (note 20)	**46,296**	**2,461**	**-**	**48,757**
	106,913	**4,584**	**6,451**	**117,948**

24. Financial risk management (continued)

24.4 Liquidity risk (continued)

2022	Up to one year RO'000	1 - 5 years RO'000	More than 5 years RO'000	Total RO'000
Lease liabilities (note 11)	1,127	2,641	7,392	11,160
Short term borrowings (note 21)	42,900	-	-	42,900
Trade and other payables (note 20)	47,976	2,567	-	50,543
	92,003	5,208	7,392	104,603

24.5 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a commercially defensible capital structure to reduce the cost of capital. Capital comprises share capital, legal reserve, special reserve and retained earnings.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

The Company monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Company includes within net debt, short term borrowings, lease liabilities, trade and other payables, less bank balances and cash.

	2023 RO'000	2022 RO'000
Short term borrowings (note 21)	**59,559**	42,900
Lease liabilities (note 11)	**6,811**	6,883
Trade and other payables (note 20)	**49,192**	51,342
Less: Bank balances and cash (note 15)	**(42,389)**	(35,241)
Net debt	**73,173**	65,884
Equity	**47,976**	47,528
Capital and net debt	**121,149**	113,412
Gearing ratio	**60%**	58%

24. Financial risk management (continued)

24.6 Fair value estimation

The nominal value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate to their fair values. Financial assets consist of cash and bank balances and trade and other receivables. Financial liabilities consist of trade and other payables, lease liabilities and term loans.

The fair values of financial assets and financial liabilities at the end of the reporting date are not materially different from their carrying values.

The fair value of land and buildings was determined by external, independent valuers, having appropriate recognized professional qualification and experience in location and category of property being valued. The independent valuers provide the fair value of the Company's land and building at reporting date based on market approach. The fair value measured has been categorized as level 3 based on highest and best use.

The following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1:	Quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2:	Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3:	Techniques which use inputs which have a significant effect on the recorded fair values are not based on observable market data.

The following table presents the non-financial assets for the Company that are measured at fair value:

At 31 December 2023	**Level 3 RO'000**	**Total RO'000**
Land and buildings	**1,529**	**1,529**

At 31 December 2022	Level 3 RO'000	Total RO'000
Land and buildings	1,527	1,527

There were no transfers between Level 1 and Level 2 during 2023.

A description of valuation techniques used and key inputs to valuation of investment properties are as follows:

24. Financial risk management (continued)

24.6 Fair value estimation (continued)

Description of investment properties	Independent professional valuer and date of valuation	Valuation technique	Significant input	2023 Valuation RO'000
Lands	Al Habib & Co. LLC 31 December 2023	Open market basis	Estimated rental value per square meter	**395**
Building	Al Habib & Co. LLC 31 December 2023	Open market basis	Estimated rental value per square meter	**1,134**

Description of investment properties	Independent professional valuer and date of valuation	Valuation technique	Significant input	2022 Valuation RO'000
Lands	Al Habib & Co. LLC 31 December 2022	Open market basis	Estimated rental value per square meter	393
Building	Al Habib & Co. LLC 31 December 2022	Open market basis	Estimated rental value per square meter	1,134

25. Net assets per share

Net assets per share is calculated by dividing the shareholders' equity of the Company at the year-end by the number of shares outstanding as follows:

	2023	2022
Shareholders' equity (RO'000)	**47,976**	47,528
Number of shares outstanding at the end of the reporting period (thousands) (note 16)	**69,000**	69,000
Net assets per share (RO)	**0.695**	0.689

26. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year as follows:

	2023	2022
Profit for the year (RO'000)	**6,313**	6,192
Weighted average number of shares (thousands)	**69,000**	69,000
Earnings per share - basic and diluted (RO)	**0.091**	0.090

Since the Company has no potentially dilutive instruments, basic earnings per share and diluted earnings per share are equal.

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27. Contingencies and commitments

a) In December 2015, a civil case, connected to a criminal case initiated against the former Managing Director and the former Senior Marketing Manager of the Company, had been filed by a party claiming RO 1,846,600 from the Company. The case has been rejected by Primary and Appeal Courts and has been raised to the Higher Supreme Court. Based upon external legal advice, the Board of Directors consider that the Company has no legal responsibility in respect of these two cases and, accordingly, no provision has been made against this claim in the financial statements on the basis that management believes the possibility of significant loss to the Company arising is less than probable.

b) The Company received claims from a major fuel supplier in Oman in respect of:

i) Price differential between the international and domestic gasoil prices payable in respect of fuel supplied during prior years to a customer amounting to approximately RO 820,000 as per the notification received from the Ministry of Finance by the fuel supplier. The Company has disputed the claim and considers that the sale was a domestic fuel sale based upon a notification received from the Ministry of Energy and Minerals in this regard and not an international sale, as contested by the fuel supplier.

ii) The fuel supplier has also claimed interest of approximately RO 406,000 (2022: RO 406,000) in respect of non-settlement of the claim (i) by the Company.

Based upon the review of the correspondences with the supplier relating to the above claims and in-house legal counsel, the Company is constantly monitoring the status of these claims and maintains adequate reserves to cover any liability that may arise.

c) The Company guarantees and commitments in the normal course of its business as follows:

	2023 RO'000	2022 RO'000
Bank guarantees and letter of credits	**3,576**	2,339
Capital commitments	**3,047**	3,022
	6,623	5,361

28. Financial instruments

The accounting policies for financial assets have been applied to the line items below:

	2023 RO'000	2022 RO'000
Assets at amortised costs		
Trade and other receivables (excluding prepayments)	**75,852**	69,017
Cash at bank and in hand (note 15)	**42,389**	35,241
	118,241	104,258

28. Financial instruments (continued)

The accounting policies for financial liabilities have been applied to the line items below:

	2023	2022
	RO'000	RO'000
Liabilities measured at amortised costs		
Trade and other payables (note 20)	**49,192**	51,342
Short-term borrowings (note 21)	**59,559**	42,900
	108,751	94,242

29. Segmental information

Management has determined the Company's operating segments based on the reports reviewed by the Chief Executive Officer that are used to make strategic decisions.

The Chief Executive Officer identifies operating segments based on a business perspective. The reportable operating segments derive their revenue primarily from the sale of refined petroleum products. Retail sales amounting to RO 357.1 million (2022: RO 347.9 million) represent the most significant component of revenue for the Company.

30. Climate related risks

The Company and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally.

While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains. The Company is making progress on embedding climate risk in its risk framework.

31. Comparative figures

Certain comparative information has been reclassified to conform to the presentation adopted in the current year financial statements. Such reclassifications are not material and have not affected previously reported net profit or shareholders' equity.


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