

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Unaudited interim condensed financial statements

For the three months period ended 31 March 2023

REPORT ON REVIEW OF UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AL MAHA PETROLEUM PRODUCTS MARKETING CO. SAOG

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al Maha Petroleum Products Marketing Co. SAOG ("the Company") as at 31 March 2023 and the related interim condensed statement of comprehensive income for the three-month period then ended, and the related interim condensed statement of changes in equity and interim condensed statement of cash flows for the three months period then ended and a summary of significant accounting policy and other explanatory notes.

Management is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information does not give a true and fair view of the financial position of the entity as at March 31, 2023, and of its financial performance and its cash flows for the three-month period then ended in accordance with IAS 34 - interim financial information.



8 May 2023
Muscat



AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Interim condensed statement of comprehensive income

For the three months period ended 31 March 2023

		<i>Three months ended 31 March</i>	
		2023	2022
		RO '000	RO '000
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	3	120,871	99,908
Cost of sales		(114,420)	(94,381)
Gross Profit		6,451	5,527
Other Income	4	1,491	1,119
Operating and administration expenses	5	(5,905)	(5,491)
Operating Profit		2,037	1,155
Finance Income		336	469
Finance costs	6	(561)	(501)
Profit before income tax		1,812	1,123
Income tax expense	16	(207)	(203)
Profit and total comprehensive income for the period		1,605	920
Basic and diluted earnings per share (RO)		0.023	0.013

The attached notes 1 to 20 form part of these financial statements


AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Interim condensed statement of financial position

As at 31 March 2023

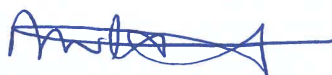
		31-Mar-23	31-Dec-22
	Notes	RO'000 (Unaudited)	RO'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	28,767	28,191
Investment property		482	494
Right of use asset		6,097	6,368
Contract assets		2,986	3,085
Deferred tax assets	16	2,749	2,741
Total non-current assets		41,081	40,879
Current assets			
Inventories	8	3,777	3,824
Trade and other receivables	10	66,908	69,647
Contract assets		1,952	1,952
Bank balances and cash	9	56,153	35,241
Total current assets		128,790	110,664
TOTAL ASSETS		169,871	151,543
EQUITY AND LIABILITIES			
Equity			
Share capital	11	6,900	6,900
Legal reserve		2,300	2,300
Special reserve		2,104	2,104
Retained earnings		31,964	36,224
Total equity		43,268	47,528
LIABILITIES			
Non-current liabilities			
Lease liabilities		5,851	6,163
Employees' end of service benefits		243	235
Total non-current liabilities		6,094	6,398
Current liabilities			
Trade and other payables	12	47,991	51,342
Short term loan	13	68,933	42,900
Lease liabilities		729	720
Contract liabilities		1,448	1,462
Income tax payable		1,408	1,193
Total current liabilities		120,509	97,617
Total liabilities		126,603	104,015
TOTAL EQUITY AND LIABILITIES		169,871	151,543
Net assets per share (RO)		0.627	0.689

The unaudited interim condensed financial statements were approved by the Board of Directors on 27 April 2023 and signed on their behalf by :


Chairman


Director

The attached notes 1 to 20 form part of these financial statements.





AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Interim condensed statement of changes in equity

For the three months period ended 31 March 2023

	Share capital RO'000	Legal reserve RO'000	Special reserve RO'000	Retained earnings RO'000	Total Equity RO'000
At 1 January 2022 (audited)	6,900	2,300	2,104	32,792	44,096
Profit and total comprehensive income for the period (unaudited)	-	-	-	920	920
Cash dividend paid during the period (unaudited)	-	-	-	(2,760)	(2,760)
At 31 March 2022 (unaudited)	<u>6,900</u>	<u>2,300</u>	<u>2,104</u>	<u>30,952</u>	<u>42,256</u>
At 1 January 2023 (audited)	6,900	2,300	2,104	36,224	47,528
Profit & total comprehensive income for the period (unaudited)	-	-	-	1,605	1,605
Cash dividend paid during the period (unaudited)	-	-	-	(5,865)	(5,865)
At 31 March 2023 (unaudited)	<u>6,900</u>	<u>2,300</u>	<u>2,104</u>	<u>31,964</u>	<u>43,268</u>

The attached notes 1 to 20 form part of these financial statements.

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Interim condensed statement of cash flows

For the three months period ended 31 March 2023

		<i>Three months ended 31 March</i>	
		2023	2022
		RO'000	RO'000
Notes		(Unaudited)	(Unaudited)
OPERATING ACTIVITIES			
	Profit before tax	1,812	1,123
	Adjustments for:		
	Depreciation on property, plant and equipment	837	894
	Depreciation on right of use assets	222	309
	Depreciation on investment properties	12	12
	Accrual for employees' end of service benefits	8	13
	Allowance for / (reversal of) expected credit loss	-	(241)
	Amortisation of contract assets	54	52
8	Provision for slow and non moving inventories	11	115
	Finance income	(336)	-
6	Finance costs	561	501
	Cash flows from operations before working capital changes	3,181	2,778
	Inventories	36	(248)
	Trade and other receivables	2,782	6,098
	Trade and other payables	(3,363)	3,470
	Net cash flows from operating activities	2,636	12,098
INVESTING ACTIVITIES			
7	Purchases of property, plant and equipment	(1,413)	(379)
	Reversal of expected credit losses for the period		22
	Finance income	336	-
	Net cash flows used in investing activities	(1,077)	(357)
FINANCING ACTIVITIES			
	Dividend paid	(5,865)	(2,760)
	Payment of lease liabilities	(359)	(341)
6	Finance costs paid	(456)	(433)
	Proceeds from bank borrowings	151,416	180,050
	Repayment of bank borrowings	(125,383)	(193,019)
	Net cash flows from / (used in) financing activities	19,353	(16,503)
	Net increase/ (decrease) in cash and cash equivalents	20,912	(4,762)
	Cash and cash equivalents at 1 January	35,241	32,906
	Cash and cash equivalents at 31 December	56,153	28,144

The attached notes 1 to 20 form part of these financial statements.

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Notes to the interim condensed financial statements

For the three months period ended 31 March 2023

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The unaudited interim condensed financial statements for the three months period ended 31 March 2023 of the Company are prepared in accordance with International Accounting Standards (IAS) 34, 'Interim Financial Reporting'.

Basis of preparation

The interim condensed financial statements have been prepared on the historical cost.

The functional currency of the Company is the Rial Omani (RO). These unaudited interim condensed financial statements of the Company are prepared in Rial Omani. The unaudited interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company's annual financial statements as at 31 December 2022. In addition, results for the period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year 2023.

New and amended standards and interpretation to IFRS

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed financial statements of the Company.

IFRS 17 Insurance Contracts

Definition of Accounting Estimates - Amendment to IAS 8

Disclosure of Accounting Policies - Amendment to IAS 1 IFRS Practice Statement 2

Deferred Tax related to Assets and Liabilities arising from Single Transaction - Amendment to IAS 12

These amendments had no impact on the interim condensed consolidated financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

3 REVENUE

	<i>Three months ended 31 March</i>	
	<i>2023</i>	<i>2022</i>
	<i>RO'000</i>	<i>RO'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue from sale of goods	84,672	75,529
Revenue from contract with customers	36,199	24,379
	120,871	99,908

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Notes to the interim condensed financial statements

For the three months period ended 31 March 2023

3 REVENUE (continued)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2023</i>	<i>2022</i>
	<i>RO'000</i>	<i>RO'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Types of sales		
Retail	84,672	75,529
Commercial	20,670	15,950
Others	15,529	8,429
	<u>120,871</u>	<u>99,908</u>
Geographical market		
Domestic market	<u>120,871</u>	<u>99,908</u>
Timing of revenue recognition		
Goods transferred at a point in time	<u>120,871</u>	<u>99,908</u>

4 OTHER INCOME

Other income includes transport rebate, rental income from filling station,dealers,convenience stores and other property leased out, income from project manpower costs and others.

5 OPERATING AND ADMINISTRATION EXPENSES

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2023</i>	<i>2022</i>
	<i>RO'000</i>	<i>RO'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Employee benefit expenses	1,615	1,574
Operating expenses	2,831	2,616
Administration and general expenses	333	35
Depreciation and amortisation	1,126	1,266
	<u>5,905</u>	<u>5,491</u>

6 FINANCE COSTS

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2023</i>	<i>2022</i>
	<i>RO'000</i>	<i>RO'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest on bank borrowings	449	433
Interest on lease liabilities	112	68
	<u>561</u>	<u>501</u>

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Notes to the interim condensed financial statements

For the three months period ended 31 March 2023

7 PROPERTY PLANT AND EQUIPMENT

During the three months ended 31 March 2023, the Company acquired assets with a cost of RO 1,413 ('000) (31 March 2022: RO 379 ('000)).

8 INVENTORIES

	31 March 2023 RO'000 (Unaudited)	31 December 2022 RO'000 (Audited)
Petroleum products	3,404	3,444
General stores and consumables	577	598
Fuel cards	96	71
	<u>4,077</u>	<u>4,113</u>
Less: Provision for slow and non-moving inventories	<u>(300)</u>	<u>(289)</u>
	<u><u>3,777</u></u>	<u><u>3,824</u></u>

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

	31 March 2023 RO'000 (Unaudited)	31 December 2022 RO'000 (Audited)
At 1 January	289	203
Charge for the period / year	11	86
At 31 March /31 December	<u><u>300</u></u>	<u><u>289</u></u>

9 BANK BALANCES AND CASH

	31 March 2023 RO'000 (Unaudited)	31 December 2022 RO'000 (Audited)
Cash at bank	56,013	34,747
Less: Allowance for expected credit loss	<u>(243)</u>	<u>(147)</u>
	<u>55,770</u>	<u>34,600</u>
Cash in hand	383	641
	<u><u>56,153</u></u>	<u><u>35,241</u></u>

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

	31 March 2023 RO'000 (Unaudited)	31 December 2022 RO'000 (Audited)
At 1 January	147	142
(Reversal) / charge for the period / year	<u>96</u>	<u>5</u>
At 31 March /31 December	<u><u>243</u></u>	<u><u>147</u></u>

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Notes to the interim condensed financial statements

For the three months period ended 31 March 2023

10 TRADE AND OTHER RECEIVABLES

	31 March 2023 RO'000 (Unaudited)	31 December 2022 RO'000 (Audited)
Trade receivables	72,191	75,326
Less: Allowance for expected credit losses	<u>(9,304)</u>	<u>(9,400)</u>
	62,887	65,926
Prepayments	742	630
Staff receivables	97	109
Accrued income	17	51
Other advances and receivables	<u>3,165</u>	<u>2,931</u>
	66,908	69,647

a) Trade receivables are non-interest bearing, unsecured and are generally on terms up to 90-180 days (2022 – 90-180 days). Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables.

b) The movement in allowance for expected credit losses against trade receivables is as follows:

	31 March 2023 RO'000 (Unaudited)	31 December 2022 RO'000 (Audited)
At 1 January	9,400	9,767
Charge for the period / year	<u>(96)</u>	<u>(367)</u>
At 31 March /31 December	9,304	9,400

11 SHARE CAPITAL

The authorised share capital of the Company consists of 85 million shares (2022 – 85 million shares) of RO 0.100 each (2022 – RO 0.100 each). The issued and paid-up share capital of the Company consists of 69 million shares (2022 – 69 million shares) of RO 0.100 each (2022 – 0.100 each).

12 TRADE AND OTHER PAYABLES

	31 March 2023 RO'000 (Unaudited)	31 December 2022 RO'000 (Audited)
Trade payables	42,240	45,646
Accrued expenses	3,791	3,332
Advances from customers	683	799
Other payables	<u>1,277</u>	<u>1,565</u>
	47,991	51,342

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For the three months period ended 31 March 2023

13 SHORT TERM BORROWINGS

Short term loans are obtained from local commercial banks in the Sultanate of Oman and carry interest at commercial rates. The interest rates are subject to re-negotiation with the banks on a periodic basis. The facility agreement with a local commercial bank contains certain restrictive covenants which, if violated, can permit the bank to withdraw the facilities.

14 SEGMENTAL INFORMATION

Operating segments are the business units from which reportable segments derive their revenue.

The reportable operating segment from where Company derives its revenue is mainly from the sale of petroleum products.

Information reported to the Company's Chief Executive Officer for purposes of resource allocation and assessment of segment performance is more specifically focused on the category of business units.

The Company's reportable segments include retail, commercial and other sales. Other sales are predominantly aviation fuel and an insignificant portion of lubricants.

Retail segment represent the most significant component of revenue for the Company.

15 RELATED PARTY TRANSACTIONS

The Company enters into transactions in the ordinary course of business with key management personnel (including Board of Directors) and entities in which the key Management personnel / significant shareholders of the Company have significant influence or control. Prices and terms of payment for these transactions are approved by the Management and the Board of Directors.

These transactions are entered into on terms and conditions approved by the management and Board of Directors and subject to shareholders' approval at the Annual General Meeting.

Transactions with related parties included in the statement of comprehensive income are as follows:

	Three months ended	
	31 March	
	2023	2022
	RO'000	RO'000
	(unaudited)	(unaudited)
Transactions with other entities related to Directors:		
Revenue	-	81
Transactions with Directors:		
Directors' remuneration and sitting fees	18	21
Operating lease expense for a filling station owned by a Director	-	6
	18	27

Amounts due from related parties are disclosed in note 10. The amounts are interest free and on normal credit terms (2022 – same terms).

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Notes to the interim condensed financial statements

For the three months period ended 31 March 2023

16 INCOME TAX

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2023</i>	<i>2022</i>
	<i>RO'000</i>	<i>RO'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Statement of comprehensive income		
Current period	215	176
Deferred tax	(8)	27
	207	203

The Company is subject to income tax at 15% (2022 – 15%) of taxable profits.

The taxation assessment for the year 2018, 2019, 2020, 2021 and 2022 have not been finalized by the Taxation Authority. The Management considers that the amount of additional taxes, if any, that may become payable on finalization of the taxation assessment for the above tax year, may not be material to the financial position at the end of the reporting period.

17 COMMITMENTS AND CONTINGENCIES

- a) At 31 March 2023, the Company had capital commitments amounting to RO 2,840 ('000) (31 Dec 2022 : RO 3,022 ('000)).
- b) Other contingencies:
 - i) 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 659,389 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.
 - ii) The Company received claims from a major fuel supplier in Oman in respect of:
 - a) 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 supported by a notification received from the Ministry of Oil and Gas (MOG now MEM) in this regard and not an international sale, as claimed by the fuel supplier.
 - b) The fuel supplier has also claimed interest of approximately RO 406,000 (2022: 406,000) in respect of non-settlement of the claim (a) by the Company.

Based upon the review of the correspondences with the supplier relating to the above claims and the opinion of external lawyers 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.

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Notes to the interim condensed financial statements

For the three months period ended 31 March 2023

18 COMPARATIVE INFORMATION

Comparatives have been regrouped or reclassified, wherever necessary, to conform to the presentation adopted in these financial statements. Such reclassifications do not impact the company's previous year/period reported profit or equity.

19 IMPACT OF COVID-19 OUTBREAK

The Covid-19 outbreak was first reported near the end of 2019 in Wuhan, China. Since then, the virus has spread worldwide. On 11 March 2020, the WHO declared the Covid-19 outbreak to be a pandemic.

The Covid-19 pandemic shows considerable signs of easing as many countries have lifted travel bans, ended lockdowns and eased quarantine measures. Many governments have announced curtailment of certain measures to provide financial and non-financial assistance to the affected entities. At the same time, Covid-19 may continue to affect companies and economies. Many entities are still dealing with lost revenue and disrupted supply chains and, as a result, millions of workers have lost their jobs.

These developments have presented entities with challenges in preparing their IFRS financial statements. However, as the impact largely depends on the nature of an entity's business and the extent to which it has been affected, the potential impact has not been illustrated in these financial statements.

The Covid-19 pandemic affects the assumptions and estimation uncertainty associated with the measurement of assets and liabilities. Therefore, entities should carefully consider whether additional disclosures are necessary in order to help users of financial statements understand the judgements applied in the financial statements.

20 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.