AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Unaudited interim condensed financial statements

For the six months period ended 30 June 2022

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Interim condensed statement of comprehensive income
For the six months period ended 30 June 2022

		Six months ended 30 June		***Three months ended 30 June***	
		2022	*2021*	***2022***	*2021*
		RO '000	*RO '000*	***RO '000***	*RO '000*
	Notes	***(Unaudited)***	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Revenue	3	**223,234**	171,497	**123,326**	89,874
Cost of sales		**(210,268)**	(160,830)	**(115,887)**	(84,205)
Gross Profit		**12,966**	10,667	**7,439**	5,669
Other Income	4	**2,308**	2,090	**953**	1,039
Operating and administration expenses	5	**(12,015)**	(11,388)	**(6,288)**	(5,945)
Operating Profit		**3,259**	1,369	**2,104**	763
Finance Income		**759**	929	**290**	572
Finance costs	6	**(953)**	(1,045)	**(452)**	(577)
Profit before income tax		**3,065**	1,253	**1,942**	758
Income tax	16	**(445)**	(237)	**(242)**	(162)
Profit and total comprehensive income for the period		**2,620**	1,016	**1,700**	596
Basic and diluted earnings per share (RO)		**0.038**	0.015	**0.025**	0.009

The attached notes 1 to 19 form part of these financial statements

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Interim condensed statement of financial position
As at 30 June 2022

	Notes	***30 June 2022 RO'000 (Unaudited)***	*31 December 2021 RO'000 (Audited)*
ASSETS			
Non-current assets			
Property and equipment	7	**28,339**	28,859
Investment property		**517**	541
Right of use asset		**4,287**	4,058
Contract assets		**3,245**	3,353
Deferred tax assets	16	**2,820**	2,722
Total non-current assets		**39,208**	39,533
Current assets			
Inventories	8	**4,223**	3,878
Trade and other receivables	10	**65,389**	58,428
Contract assets		**1,952**	1,952
Bank balances and cash	9	**47,543**	32,906
Total current assets		**119,107**	97,164
TOTAL ASSETS		**158,315**	136,697
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		**32,652**	32,792
Total equity		**43,956**	44,096
LIABILITIES			
Non-current liabilities			
Lease liabilities		**3,551**	3,174
Contract liabilities		**170**	785
Employees' end of service benefits		**220**	199
Total non-current liabilities		**3,941**	4,158
Current liabilities			
Trade and other payables	12	**52,317**	43,062
Short term loan	13	**55,083**	42,000
Lease liabilities		**1,084**	1,156
Contract liabilities		**1,342**	1,343
Income tax payable	16	**592**	882
Total current liabilities		**110,418**	88,443
Total liabilities		**114,359**	92,601
TOTAL EQUITY AND LIABILITIES		**158,315**	136,697
Net assets per share (RO)		**0.637**	0.639

The unaudited interim condensed financial statements were approved by the board of directors on 27 July 2022 and signed on their behalf by:

Chairman

Director

The attached notes 1 to 19 form part of these financial statements.

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Interim condensed statement of changes in equity

For the six months period ended 30 June 2022

	Share capital RO'000	Legal reserve RO'000	Special reserve RO'000	Retained earnings RO'000	Total equity RO'000
At 1 January 2021 (audited)	6,900	2,300	2,104	30,032	41,336
Profit and total comprehensive income for the period (unaudited)	-	-	-	1,016	1,016
At 31 June 2021 (unaudited)	6,900	2,300	2,104	31,048	42,352
At 1 January 2022 (audited)	6,900	2,300	2,104	32,792	44,096
Profit and total comprehensive income for the period (unaudited)	-	-	-	2,620	2,620
Cash dividend paid during the period (unaudited)	-	-	-	(2,760)	(2,760)
At 30 June 2022 (unaudited)	**6,900**	**2,300**	**2,104**	**32,652**	**43,956**

The attached notes 1 to 19 form part of these financial statements.

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Interim condensed statement of cash flows

For the six months period ended 30 June 2022

	Notes	*Six months ended 30 June*	
		2022	*2021*
		RO'000	*RO'000*
		(Unaudited)	*(Unaudited)*
OPERATING ACTIVITIES			
Profit before tax		**3,065**	1,253
Adjustments for:			
Depreciation on property and equipment		**1,792**	1,865
Depreciation on investment properties		**24**	23
Depreciation on right of use assets		**653**	469
Amortisation of contract assets	5	**105**	105
Finance costs	6	**953**	1,045
Allowance for expected credit losses for the period	9,10	**248**	750
Provision for slow and non moving inventories	8	**102**	-
Accrual for employees' end of service benefits		**21**	21
Cash flows from operations before working capital changes		**6,963**	5,531
Inventories		**(447)**	(694)
Trade and other receivables		**(7,206)**	(12,147)
Trade and other payables		**8,639**	4,769
Cash flows from / (used) in operations		**7,949**	(2,541)
Income tax paid		**(833)**	(388)
Employees end of service benefits paid		**-**	(28)
Net cash flows from / (used) in operating activities		**7,116**	(2,957)
INVESTING ACTIVITIES			
Purchases of property and equipment	7	**(1,272)**	(1,137)
Short term deposit		**-**	10,000
Net cash flows (used) in / from investing activities		**(1,272)**	8,863
FINANCING ACTIVITIES			
Proceeds from bank borrowings		**360,604**	252,669
Repayment of bank borrowings		**(347,521)**	(247,416)
Dividend paid		**(2,760)**	-
Finance costs paid		**(817)**	(1,045)
Payment of lease liabilities		**(713)**	(566)
Net cash flows from financing activities		**8,793**	3,642
Net increase in cash and cash equivalents		**14,637**	9,548
Cash and cash equivalents at 1 January		**32,906**	31,234
Cash and cash equivalents at 30 June		**47,543**	40,782

The attached notes 1 to 19 form part of these financial statements.

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 six months period ended 30 June 2022 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 2021. In addition, results for the period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year 2022.

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 2021, except for the adoption of new standards effective as of 1 January 2022. 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 2022, but do not have an impact on the interim condensed financial statements of the Company.

Reference to the Conceptual Framework – Amendments to IFRS 3

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

IAS 41 Agriculture – Taxation in fair value measurements

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter.

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

	Six months ended 30 June		***Three months ended 30 June***	
	2022	*2021*	***2022***	*2021*
	RO'000	*RO'000*	***RO'000***	*RO'000*
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
Revenue from sale of goods	**161,392**	127,733	**85,863**	64,419
Revenue from contract with customers	**61,842**	43,764	**37,463**	25,455
	223,234	171,497	**123,326**	89,874

3 REVENUE (continued)

	Six months ended 30 June		*Three months ended 30 June*	
	2022	*2021*	***2022***	*2021*
	RO'000	*RO'000*	***RO'000***	*RO'000*
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
Types of sales				
Retail	**161,392**	127,733	**85,863**	64,419
Commercial	**38,635**	36,560	**22,685**	21,722
Others	**23,207**	7,204	**14,778**	3,733
	223,234	171,497	**123,326**	89,874
Geographical market				
Domestic market	**223,234**	171,497	**123,326**	89,874
Timing of revenue recognition				
Goods transferred at a point in time	**223,234**	171,497	**123,326**	89,874

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

	Six months ended 30 June		*Three months ended 30 June*	
	2022	*2021*	***2022***	*2021*
	RO'000	*RO'000*	***RO'000***	*RO'000*
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
Employee benefit expenses	**3,135**	2,812	**1,561**	1,455
Operating expenses	**5,738**	5,616	**3,268**	3,052
Administration and general expenses	**568**	498	**151**	195
Depreciation and amortisation	**2,574**	2,462	**1,308**	1,243
	12,015	11,388	**6,288**	5,945

6 FINANCE COSTS

	Six months ended 30 June		*Three months ended 30 June*	
	2022	*2021*	***2022***	*2021*
	RO'000	*RO'000*	***RO'000***	*RO'000*
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
Interest on bank borrowings	**818**	930	**385**	519
Interest on lease liabilities	**135**	115	**67**	58
	953	1,045	**452**	577

7 PROPERTY AND EQUIPMENT

During the six months ended 30 June 2022, the Company acquired assets with a cost of RO 1,272 ('000) (30 June 2021: RO 1,137 ('000)).

8 INVENTORIES

	30 June 2022 RO'000 (Unaudited)	*31 December 2021 RO'000 (Audited)*
Petroleum products	**3,641**	3,147
General stores and consumables	**853**	916
Fuel cards	**34**	18
	4,528	4,081
Less: provision for slow and non-moving inventories	**(305)**	(203)
	4,223	3,878

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

	30 June 2022 RO'000 (Unaudited)	*31 December 2021 RO'000 (Audited)*
At 1 January	**203**	105
Charge for the period / year	**102**	98
At 30 June /31 December	**305**	203

9 BANK BALANCES AND CASH

	30 June 2022 RO'000 (Unaudited)	*31 December 2021 RO'000 (Audited)*
Cash at bank	**47,292**	32,692
Less: allowance for expected credit loss	**(153)**	(142)
	47,139	32,550
Cash in hand	**404**	356
	47,543	32,906

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

	30 June 2022 RO'000 (Unaudited)	*31 December 2021 RO'000 (Audited)*
At 1 January	**142**	133
Charge for the period / year	**11**	9
At 30 June /31 December	**153**	142

10 TRADE AND OTHER RECEIVABLES

	30 June 2022	*31 December 2021*
	RO'000	*RO'000*
	(Unaudited)	*(Audited)*
Trade receivables	**73,769**	66,883
Amounts due from related parties (note 15)	**86**	49
Less: allowance for expected credit losses	**(10,004)**	(9,767)
	63,851	57,165
Prepayments	**612**	631
Staff receivables	**86**	92
Accrued income	**12**	2
Other advances and receivables	**828**	538
	65,389	58,428

a) Trade receivables are non-interest bearing, unsecured and are generally on terms up to 90-180 days (2021 – 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:

	30 June 2022	*31 December 2021*
	RO'000	*RO'000*
	(Unaudited)	*(Audited)*
At 1 January	**9,767**	8,685
Charge for the period / year	**237**	1,082
At 30 June /31 December	**10,004**	9,767

11 SHARE CAPITAL

The authorised share capital of the Company consists of 85 million shares (2021 – 85 million shares) of RO 0.100 each (2021 – RO 0.100 each). The issued and paid-up share capital of the Company consists of 69 million shares (2021 – 69 million shares) of RO 0.100 each (2021 – 0.100 each).

12 TRADE AND OTHER PAYABLES

	30 June 2022	*31 December 2021*
	RO'000	*RO'000*
	(Unaudited)	*(Audited)*
Trade payables	**46,984**	37,150
Accrued expenses	**2,742**	3,322
Advances from customers	**909**	710
Other payables	**1,682**	1,880
	52,317	43,062

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 segments, Company derives its revenue 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:

	Six months ended 30 June		***Three months ended 30 June***	
	2022	*2021*	***2022***	*2021*
	RO'000	*RO'000*	***RO'000***	*RO'000*
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
Transactions with other entities related to Directors:				
Revenue	**172**	143	**91**	78
Transactions with Directors:				
Directors' remuneration and sitting fees	**46**	39	**25**	19
Operating lease expense for a filling station owned by a Director	**12**	12	**6**	6
	58	51	**31**	25

Amounts due from related parties are disclosed in note 10. The amounts are interest free and on normal credit terms (2021 – same terms).

16 INCOME TAX

	Six months ended 30 June		*Three months ended 30 June*	
	2022	*2021*	***2022***	*2021*
	RO'000	*RO'000*	***RO'000***	*RO'000*
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
Statement of comprehensive income				
Current period	**544**	412	**368**	338
Deferred tax	**(99)**	(175)	**(126)**	(176)
	445	237	**242**	162

The Company is subject to income tax at 15% (2021 – 15%) of taxable profits.

The taxation assessment for the year 2018, 2019, 2020 and 2021 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 30 June 2022, the Company had capital commitments amounting to RO 3,507 ('000) (31 Dec 2021 : RO 3,226 ('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) In previous years, 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 objected to 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 Company had deducted RO 846,000 in previous years from the payable related to invoices raised by the fuel supplier. This deduction pertained to a transportation rebate that was not paid to the Company by the fuel supplier. The Company believes it is eligible to receive the transportation rebate during such period.

In late 2021, the case was referred to the Arbitration for settlement and during the Arbitration, both the parties agreed for a mutually accepted settlement of payment of RO 432,000 representing 51% of the total claim, payable by the Company in 6 equal monthly installment of RO 72,000 starting from 15 April 2022. The Company maintains outstanding provision of RO 288,319 in the financial statements at 30 June 2022.

17 COMMITMENTS AND CONTINGENCIES (continued)

Based upon the review of the correspondences with the supplier relating to the other claim and the opinion of external lawyers and in-house legal counsel, the Board of Directors is constantly monitoring the status of the claim. Further the Company maintains adequate reserves to cover any liability that may arise from this claim.

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 which had developed rapidly in 2021, with a significant number of infections, was effectively brought in to control by strict Government measures. However, the new Covid variants continue to make havoc across the Globe and continue to affect the economic activity and the Company's business in various significant ways mainly in the aviation and commercial business. Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the Company may experience comparatively lower results than historical trend, depending on the longevity of the pandemic.

The implications of COVID-19 are ongoing and the ultimate outcome of this event is unknown and therefore the full impact on the Company for events and circumstances that arose after the reporting date cannot be reasonably quantified at the authorisation date of this financial statements. The effect of COVID-19 on the Company, when known, will be incorporated into the determination of the Company's estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities.