

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Unaudited interim condensed financial statements

For the six months period ended 30 June 2023

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Interim condensed statement of comprehensive income

For the six months period ended 30 June 2023

		<i>Six months ended</i>		<i>Three months ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		2023	2022	2023	2022
		RO '000	RO '000	RO '000	RO '000
	<i>Notes</i>	(Unaudited)	<i>(Unaudited)</i>	(Unaudited)	<i>(Unaudited)</i>
Revenue	3	239,048	223,234	118,177	123,326
Cost of sales		(225,925)	(210,268)	(111,505)	(115,887)
Gross Profit		13,123	12,966	6,672	7,439
Other Income	4	3,065	2,308	1,574	1,190
Operating and administration expenses	5	(12,075)	(12,015)	(6,170)	(6,525)
Operating Profit		4,113	3,259	2,076	2,104
Finance Income		694	759	358	290
Finance costs	6	(1,191)	(953)	(630)	(452)
Profit before income tax		3,616	3,065	1,804	1,942
Income tax expense	16	(548)	(445)	(340)	(242)
Profit and total comprehensive income for the period		3,068	2,620	1,464	1,700
Basic and diluted earnings per share (RO)		0.044	0.038	0.021	0.025

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

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Interim condensed statement of financial position

As at 30 June 2023

		30 June 2023	31 December 2022
		RO'000	RO'000
	<i>Notes</i>	(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	28,476	28,191
Investment property		470	494
Right of use asset		6,021	6,368
Contract assets		2,854	3,085
Deferred tax assets	16	2,779	2,741
Total non-current assets		40,600	40,879
Current assets			
Inventories	8	4,048	3,824
Trade and other receivables	10	65,949	69,647
Contract assets		1,952	1,952
Bank balances and cash	9	40,928	35,241
Total current assets		112,877	110,664
TOTAL ASSETS		153,477	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		33,427	36,224
Total equity		44,731	47,528
LIABILITIES			
Non-current liabilities			
Lease liabilities		5,751	6,163
Employees' end of service benefits		251	235
Total non-current liabilities		6,002	6,398
Current liabilities			
Trade and other payables	12	46,656	51,342
Short term loan	13	53,123	42,900
Lease liabilities		798	720
Contract liabilities		1,454	1,462
Income tax payable	16	713	1,193
Total current liabilities		102,744	97,617
Total liabilities		108,746	104,015
TOTAL EQUITY AND LIABILITIES		153,477	151,543
Net assets per share (RO)		0.648	0.689

The unaudited interim condensed financial statements were approved by the Board of Directors on 26 July 2023 and signed on their behalf by :

Chairman

Director

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

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Interim condensed statement of changes in equity

For the six months period ended 30 June 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)	-	-	-	2,620	2,620
Cash dividend paid during the period (Unaudited)	-	-	-	(2,760)	(2,760)
At 30 June 2022 (Unaudited)	<u>6,900</u>	<u>2,300</u>	<u>2,104</u>	<u>32,652</u>	<u>43,956</u>
At 1 January 2023 (Audited)	6,900	2,300	2,104	36,224	47,528
Profit and total comprehensive income for the period (Unaudited)	-	-	-	3,068	3,068
Cash dividend paid during the period (Unaudited)	-	-	-	(5,865)	(5,865)
At 30 June 2023 (Unaudited)	<u>6,900</u>	<u>2,300</u>	<u>2,104</u>	<u>33,427</u>	<u>44,731</u>

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

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Interim condensed statement of cash flows

For the six months period ended 30 June 2023

		<i>Six months ended</i>	
		<i>30 June</i>	
		2023	2022
		RO'000	RO'000
<i>Notes</i>		(Unaudited)	(Unaudited)
OPERATING ACTIVITIES			
	Profit before tax	3,616	3,065
Adjustments for:			
	Depreciation on property, plant and equipment	1,682	1,792
	Depreciation on right of use assets	468	653
	Depreciation on investment properties	23	24
	Accrual for employees' end of service benefits	16	21
	(Reversal) / allowance for expected credit losses for the period	(81)	248
	Amortisation of contract assets	110	105
8	Provision for slow and non moving inventories	21	102
	Finance income	(694)	(759)
6	Finance costs	1,191	953
Cash flows from operations before working capital changes		6,352	6,204
	Inventories	(246)	(447)
	Trade and other receivables	3,901	(7,206)
	Trade and other payables	(4,694)	8,639
Cash flows from operations		5,313	7,190
16	Income tax paid	(1,065)	(833)
Net cash flows from operating activities		4,248	6,357
INVESTING ACTIVITIES			
7	Purchases of property, plant and equipment	(1,967)	(1,272)
	Finance income received	694	759
Net cash flows used in investing activities		(1,273)	(513)
FINANCING ACTIVITIES			
	Dividend paid	(5,864)	(2,760)
	Payment of lease liabilities	(666)	(713)
6	Finance costs paid	(980)	(817)
	Proceeds from bank borrowings	280,719	360,604
	Repayment of bank borrowings	(270,497)	(347,521)
Net cash flows from financing activities		2,712	8,793
Net increase in cash and cash equivalents		5,687	14,637
	Cash and cash equivalents at 1 January	35,241	32,906
9	Cash and cash equivalents at 30 June	40,928	47,543

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

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Notes to the interim condensed financial statements

For the six months period ended 30 June 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 Six months period ended 30 June 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 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year 2023.

The Company has prepared the unaudited interim condensed financial statements on the basis that it will continue to operate as a going concern. The Board of Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

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 Contract

Definition of Accounting Estimate - Amendment to IAS 8

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

Deferred tax related to Assets and Liabilities arising from a 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>Six months ended</i>		<i>Three months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue from sale of goods	171,479	161,392	86,807	85,863
Revenue from contract with customers	67,569	61,842	31,370	37,463
	239,048	223,234	118,177	123,326

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Notes to the interim condensed financial statements

For the six months period ended 30 June 2023

3 REVENUE (continued)

	<i>Six months ended</i>		<i>Three months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Types of sales				
Retail	171,479	161,392	86,807	85,863
Commercial	39,895	38,635	19,226	22,685
Others	27,674	23,207	12,145	14,778
	<u>239,048</u>	<u>223,234</u>	<u>118,177</u>	<u>123,326</u>
Geographical market				
Domestic market	<u>239,048</u>	<u>223,234</u>	<u>118,177</u>	<u>123,326</u>
Timing of revenue recognition				
Goods transferred at a point in time	<u>239,048</u>	<u>223,234</u>	<u>118,177</u>	<u>123,326</u>

4 OTHER INCOME

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

5 OPERATING AND ADMINISTRATION EXPENSES

	<i>Six months ended</i>		<i>Three months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Employee benefit expenses	3,342	3,135	1,727	1,561
Operating expenses	5,834	5,492	3,002	2,876
Administration and general expenses	616	814	284	780
Depreciation and amortisation	2,283	2,574	1,157	1,308
	<u>12,075</u>	<u>12,015</u>	<u>6,170</u>	<u>6,525</u>

6 FINANCE COSTS

	<i>Six months ended</i>		<i>Three months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest on bank borrowings	971	773	522	364
Interest on lease liabilities	220	180	108	88
	<u>1,191</u>	<u>953</u>	<u>630</u>	<u>452</u>

7 PROPERTY PLANT AND EQUIPMENT

During the Six months ended 30 June 2023, the Company acquired assets with a cost of RO 1,967 ('000) [30 June 2022: RO 1,272 ('000)].

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Notes to the interim condensed financial statements

For the six months period ended 30 June 2023

8 INVENTORIES

	30 June 2023	31 December 2022
	RO'000	RO'000
	(Unaudited)	(Audited)
Petroleum products	3,673	3,444
General stores and consumables	630	598
Fuel cards	55	71
	<u>4,358</u>	<u>4,113</u>
Less: provision for slow and non-moving inventories	(310)	(289)
	<u><u>4,048</u></u>	<u><u>3,824</u></u>

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

	30 June 2023	31 December 2022
	RO'000	RO'000
	(Unaudited)	(Audited)
At 1 January	289	203
Charge for the period / year	21	86
At 30 June /31 December	<u><u>310</u></u>	<u><u>289</u></u>

9 BANK BALANCES AND CASH

	30 June 2023	31 December 2022
	RO'000	RO'000
	(Unaudited)	(Audited)
Cash at bank	40,422	34,747
Less: allowance for expected credit loss	(162)	(147)
	<u>40,260</u>	<u>34,600</u>
Cash in hand	668	641
	<u><u>40,928</u></u>	<u><u>35,241</u></u>

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

	30 June 2023	31 December 2022
	RO'000	RO'000
	(Unaudited)	(Audited)
At 1 January	147	142
Charge for the period / year	15	5
	<u><u>162</u></u>	<u><u>147</u></u>

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Notes to the interim condensed financial statements

For the six months period ended 30 June 2023

10 TRADE AND OTHER RECEIVABLES

	30 June 2023	31 December 2022
	RO'000	RO'000
	(Unaudited)	(Audited)
Trade receivables	70,902	75,326
Less: allowance for expected credit losses	(9,304)	(9,400)
	61,598	65,926
Prepayments	977	630
Staff receivables	113	109
Accrued income	14	51
Other advances and receivables	3,247	2,931
	65,949	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:

	30 June 2023	31 December 2022
	RO'000	RO'000
	(Unaudited)	(Audited)
At 1 January	9,400	9,767
Reversal for the period / year	(96)	(367)
	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

	30 June 2023	31 December 2022
	RO'000	RO'000
	(Unaudited)	(Audited)
Trade payables	41,438	45,646
Accrued expenses	2,688	3,332
Advances from customers	666	799
Other payables	1,864	1,565
	46,656	51,342

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Notes to the interim condensed financial statements

For the six months period ended 30 June 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 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 interim condensed statement of comprehensive income are as follows:

	<i>Six months ended</i>		<i>Three months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Transactions with other entities related to Directors:				
Revenue	<u>-</u>	<u>172</u>	<u>-</u>	<u>91</u>
Transactions with Directors:				
Directors' remuneration and sitting fees	38	46	20	25
Operating lease expense for a filling station owned by a Director	-	12	-	6
	<u>38</u>	<u>58</u>	<u>20</u>	<u>31</u>

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

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Notes to the interim condensed financial statements

For the six months period ended 30 June 2023

16 INCOME TAX

	<i>Six months ended</i>		<i>Three months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Statement of comprehensive income				
Current period	586	544	370	368
Deferred tax	(38)	(99)	(30)	(126)
	548	445	340	242

The Company is subject to income tax at 15% (2022 – 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 2023, the Company had capital commitments amounting to RO 2,589 ('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 interim condensed 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 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 claim and the opinion of external lawyers and in-house legal counsel, the Company is constantly monitoring the status of the claim and maintains adequate reserves to cover any liability that may arise.

18 COMPARATIVE INFORMATION

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

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

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For the six months period ended 30 June 2023

19 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.