

Chairman's Report

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the interim unaudited Financial Statements for the nine-month period ended 30 September 2023.

FINANCIAL PERFORMANCE (RO'000)

I am delighted to highlight the performance of your Company during this period achieving remarkable success, demonstrating our commitment to excellence in the industry.

	Jan-Sep 2023 RO '000	Jan-Sep 2022 RO'000	Increase	Increase %
Sales	367,092	362,242	4,850	1.3%
Cost of Sales	(345,846)	(341,641)	4,205	1.2%
Gross profit	21,246	20,601	645	3%
Other income	4,795	3,627	1,168	32%
Total expenses	(20,523)	(19,213)	1,310	7%
Net profit	5,518	5,015	503	10%
Earnings per share (RO)	0.080	0.073	0.007	10%

Highlights:

The continued high oil prices and Government focus on infrastructure development have boosted economic & industrial activities, strengthening the economy.

In addition, your Company's innovative initiatives in offering better products & services and gaining competitive advantage by repositioning and diversifying have led to the following positive results:

- Total revenue has increased by 1.3%, i.e., by **RO 4.9 million** during the period (RO 367.1 million in Jan-Sep 2023 against RO 362.2 million in the same period of the previous year) mainly as a result of an increase in sales volume by 5%.
- Other Income has grown by 32%, i.e., **RO 1.2 million** during the period (i.e., RO 4.8 million in Jan-Sep 2023 against RO 3.6 million in Jan-Sep 2022) due to the positive impact of our management of the fuel farm at Muscat International Airport starting from January 2023 and increase in NFR (Non Fuel retail) income during the period.
- Our net profit has increased by 10%, i.e., by **RO 503 k** during the period (RO 5.5 million in Jan-Sep 2023, against RO 5.015 million in the same period of last year) demonstrating our commitment to cost management and operational efficiency.
- Earning per share (EPS) for the period increased by 10% to Bzs 80 in Jan-Sep 2023 from Bzs 73 in the same period of last year.

Chairman's Report (continued)

MARKET SEGMENT PERFORMANCE:

Your Company has strategically repositioned itself to adapt to the changing industry dynamics and to meet the changing customer preferences. Effective market strategies, improved operational efficiency, resilience of our management team in navigating challenging market conditions and successful marketing campaigns have all strengthened our brand and boosted our sales during the period. Additionally, heavy investment in technology to improve our customer experience and offer innovative products and services have also led to improved customer service thereby boosting sales.

Backed up by increased demand for our products, Sales volume has grown by 5% during Jan-Sep 2023, compared to same period last year, registering growth across all segments except Commercial segment as summarized below:

- Retail sales volume has gone up by 4 %
- Commercial sales volume has decreased by 4%
- Aviation sales volume has also gone up by 27%
- Lubricants sales has gone up by 20%

1) Retail segment

This segment remains the company's top priority and primary revenue earner. Here are the key achievements:

a) Strategic expansion and modernization

- Six new retail outlets have been opened, bringing the total number of filling stations to 246
- Three retail fuel outlets have been revamped/rebranded.
- More filling stations and car service centers are in the final stages of construction and will be opened to the public soon.

b) Smart Fuel Card Business: Pioneering innovations for a streamlined customer experience

- Rolled out the new automated NFC cards to enhance the customer fueling experience.
- Khareef Seasonal campaigns significantly boosted customer engagement and Retail sales.

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

- Registered and active Al Maha NSS Fuel Cards increased by 61% with innovative Smart card technology implementation.

d) Fuelly Onsite Fuel Delivery: Meeting B2B Needs Effectively

- Sales grew by 1 million liters, an increase of 103%, due to rising demand for onsite fuel delivery from B2B customers.

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Chairman's Report (continued)

2) Commercial segment

The growth in this fiercely competitive segment continues to be challenging due to the increase in competition and low demand from many business and service units resorting to the use of Gas in replacement of Gasoil in electricity generation.

However, an increase in new commercial activities due to an increase in government spending and an increase in foreign investment in the country's various infrastructure projects is expected to drive business growth in this segment.

3) Aviation segment

During the period, aviation fuel sales witnessed significant growth, in line with the aviation sector's expansion. As a result, sales to Oman Air and other major airlines performed well during this period.

Additionally, the company's successful acquisition of the Oman Airports contract to manage the fuel farm at Muscat International Airport for a five-year term, starting from January 2023, has further contributed to boosting the company's other revenues.

4) Lubricant Segment

The lubricant segment has demonstrated remarkable progress during the period, owing to the increasing recognition and widespread popularity of our Al Maha brand lubricants, both within our local market and export market. The successful introduction of our new brand, AMPRO- acronym for Al Maha Professional range of lubricants, has significantly contributed to the heightened appeal of Al Maha's Lubricants product range. In August 2023, your company signed a new and exclusive 7-year Commercial Agency agreement with "New Fuel Co" in Saudi Arabia. This strategic partnership is aimed at promoting and distributing Al Maha lubricants throughout the Kingdom of Saudi Arabia. The agreement is structured to ensure the mutual success of both organizations and is expected to have a positive impact on the growth of our Lubricant segment in the years ahead.

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

Other income during the period Jan-Sep 2023 has increased to RO 4.8 million, largely on account of an increase in fuel farm management income & NFR.

Fuel farm depot management income

Your Company's success in securing a prestigious contract with Oman Airports to manage the fuel farm at Muscat International Airport for five years, effective from January 2023, contributed to the other income stream during the period.

NFR Segment encompassing brand-new convenience stores, vehicle care facilities, Quick-Service Restaurants, and others, has made significant progress and contributed to the overall success of our company due to its widespread appeal and adjacency with the retail fuel business.

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

Chairman's Report (continued)

QUALITY, HEALTH, SAFETY AND ENVIRONMENT (QHSE)

Quality, Health, Safety, and Environment are the cornerstone of the company's operations to ensure the continuity and growth of our business without risks, which made the challenge of achieving the goal of zero Lost Time Injuries is not impossible to achieve, and this was achieved through raising the efficiency of employees, continuous training and effective management.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has demonstrated its commitment to social responsibility by undertaking several initiatives aimed at improving people's lives in the areas of education, health, and the environment within the surrounding communities. In addition, the Company has provided support to numerous charities and non-profit organizations that serve the community.

FUTURE OUTLOOK

Global oil and gas prices have surged due to tight global supply and increased geopolitical risks stemming from political conflicts around the world. These factors are expected to keep oil and gas prices elevated for most of 2023 and 2024.

Oman's economy is expected to grow by about 4% this year supported by higher oil and gas production, continuing reform momentum, and investment projects.

Your Company plans to capitalise on these opportunities and confidently looks forward to the achievement of its strategic business objectives.

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.

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Dr. Saif Salim Saif Al-Harhi
Chairman

29 October 2023

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AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Unaudited interim condensed financial statements

For the nine months period ended 30 September 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 30 September 2023 and the related interim condensed statement of comprehensive income for the nine-month period then ended, and the related interim condensed statement of changes in equity and interim condensed statement of cash flows for the nine 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 September 30, 2023, and of its financial performance and its cash flows for the nine-month period then ended in accordance with IAS 34 - interim financial information.

Ernst & Young LLC

8 November 2023
Muscat



AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Interim condensed statement of comprehensive income

For the nine months period ended 30 September 2023

	Notes	<i>Nine months ended</i>		<i>Three months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		2023	2022	2023	2022
		RO '000	RO '000	RO '000	RO '000
		(Unaudited)	<i>(Unaudited)</i>	(Unaudited)	<i>(Unaudited)</i>
Revenue	3	367,092	362,242	128,044	139,008
Cost of sales		(345,846)	(341,641)	(119,921)	(131,373)
Gross Profit		21,246	20,601	8,123	7,635
Other Income	4	4,795	3,627	1,730	1,319
Operating and administration expenses	5	(18,724)	(18,130)	(6,649)	(6,115)
Operating Profit		7,317	6,098	3,204	2,839
Finance Income		1,185	1,085	491	326
Finance costs	6	(1,948)	(1,361)	(757)	(408)
Profit before income tax		6,554	5,822	2,938	2,757
Income tax expense	16	(1,036)	(807)	(488)	(362)
Profit and total comprehensive income for the period		5,518	5,015	2,450	2,395
Basic and diluted earnings per share (RO)		0.080	0.073	0.036	0.035

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 September 2023

		30 September 2023	31 December 2022
	Notes	RO'000 (Unaudited)	RO'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	28,868	28,191
Investment property		459	494
Right of use asset		6,134	6,368
Contract assets		2,763	3,085
Deferred tax assets	16	2,741	2,741
Total non-current assets		40,965	40,879
Current assets			
Inventories	8	5,058	3,824
Trade and other receivables	10	77,196	69,647
Contract assets		1,952	1,952
Bank balances and cash	9	55,297	35,241
Total current assets		139,503	110,664
TOTAL ASSETS		180,468	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		35,877	36,224
Total equity		47,181	47,528
LIABILITIES			
Non-current liabilities			
Lease liabilities		5,884	6,163
Employees' end of service benefits		261	235
Total non-current liabilities		6,145	6,398
Current liabilities			
Trade and other payables	12	49,277	51,342
Short term borrowings	13	74,498	42,900
Lease liabilities		772	720
Contract liabilities		1,455	1,462
Income tax payable	16	1,140	1,193
Total current liabilities		127,142	97,617
Total liabilities		133,287	104,015
TOTAL EQUITY AND LIABILITIES		180,468	151,543
Net assets per share (RO)		0.684	0.689

The unaudited interim condensed financial statements were approved by the Board of Directors on 29 October 2023 and signed on their behalf by:

Chairman

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

Director



AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Interim condensed statement of changes in equity
For the nine months period ended 30 September 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)	-	-	-	5,015	5,015
Cash dividend paid during the period (unaudited)	-	-	-	(2,760)	(2,760)
At 30 September 2022 (Unaudited)	<u>6,900</u>	<u>2,300</u>	<u>2,104</u>	<u>35,047</u>	<u>46,351</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)	-	-	-	5,518	5,518
Cash dividend paid during the period (Unaudited)	-	-	-	(5,865)	(5,865)
At 30 September 2023 (Unaudited)	<u>6,900</u>	<u>2,300</u>	<u>2,104</u>	<u>35,877</u>	<u>47,181</u>

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 nine months period ended 30 September 2023

		<i>Nine months ended</i>	
		30 September	
		2023	2022
		RO'000	RO'000
<i>Notes</i>		(Unaudited)	(Unaudited)
OPERATING ACTIVITIES			
	Profit before tax	6,554	5,822
Adjustments for:			
	Depreciation on property, plant and equipment	2,538	2,718
	Depreciation on right of use assets	718	938
	Depreciation on investment properties	35	35
	Accrual for employees' end of service benefits	25	29
	Allowance for expected credit losses	369	188
	Amortisation of contract assets	165	161
	Provision for slow and non moving inventories	32	41
	Gain on disposal of PPE	(5)	(8)
	Finance income	(1,185)	(1,085)
	Finance costs	1,948	1,361
	Cash flows from operations before working capital changes	11,194	10,200
	Inventories	(1,266)	(23)
	Trade and other receivables	(7,762)	(11,915)
	Trade and other payables	(2,070)	8,553
	Cash flows used in operations	96	6,815
	Income tax paid	(1,089)	(834)
	Net cash flows (used in) / from operating activities	(993)	5,981
INVESTING ACTIVITIES			
	Purchases of property, plant and equipment	(3,215)	(2,649)
	Finance income received	1,185	1,085
	Proceeds from disposal of property, plant and equipment	5	8
	Net cash flows (used in) investing activities	(2,025)	(1,556)
FINANCING ACTIVITIES			
	Dividend paid	(5,865)	(2,760)
	Payment of lease liabilities	(1,026)	(1,042)
	Finance costs paid	(1,633)	(1,160)
	Proceeds from bank borrowings	460,630	570,397
	Repayment of bank borrowings	(429,032)	(539,967)
	Net cash flows from financing activities	23,074	25,468
	Net increase in cash and cash equivalents	20,056	29,893
	Cash and cash equivalents at 1 January	35,241	32,906
	Cash and cash equivalents at 30 September	55,297	62,799

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

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Notes to the interim condensed financial statements

For the nine months period ended 30 September 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 Nine months period ended 30 September 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 September 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 Contracts

Definition of Accounting Estimate - Amendment to IAS 8

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

Disclosure tax related to Assets and Liabilities arising from a Single Transaction - Amendment to IAS12

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

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

3 REVENUE

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September</i>		<i>30 September</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	264,975	256,611	93,496	95,219
Revenue from contract with customers	102,117	105,631	34,548	43,789
	367,092	362,242	128,044	139,008

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Notes to the interim condensed financial statements

For the nine months period ended 30 September 2023

3 REVENUE (continued)

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September</i>		<i>30 September</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	264,975	256,611	93,496	95,219
Commercial	59,142	62,969	19,247	24,334
Others	42,975	42,662	15,301	19,455
	367,092	362,242	128,044	139,008
Geographical market				
Domestic market	367,092	362,242	128,044	139,008
Timing of revenue recognition				
Goods transferred at a point in time	367,092	362,242	128,044	139,008

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>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September</i>		<i>30 September</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	4,954	4,619	1,611	1,484
Operating expenses	8,944	8,627	3,111	3,136
Administration and general expenses	1,370	1,032	754	218
Depreciation and amortisation	3,456	3,852	1,173	1,278
	18,724	18,130	6,649	6,115

6 FINANCE COSTS

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September</i>		<i>30 September</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	1,625	1,160	654	342
Interest on lease liabilities	323	201	103	66
	1,948	1,361	757	408

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Notes to the interim condensed financial statements

For the nine months period ended 30 September 2023

7 PROPERTY PLANT AND EQUIPMENT

During the Nine months ended 30 September 2023, the Company acquired assets with a cost of RO('000) 3,215 (30 September 2022: RO ('000) 2,649).

8 INVENTORIES

	30 September	31 December
	2023	2022
	RO'000	RO'000
	(Unaudited)	(Audited)
Petroleum products	4,285	3,444
General stores and consumables	995	598
Fuel cards	99	71
	<u>5,379</u>	<u>4,113</u>
Less: provision for slow and non-moving inventories	<u>(321)</u>	<u>(289)</u>
	<u>5,058</u>	<u>3,824</u>

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

	30 September	31 December
	2023	2022
	RO'000	RO'000
	(Audited)	(Audited)
At 1 January	289	203
Charge for the period / year	32	86
At 30 September /31 December	<u>321</u>	<u>289</u>

9 BANK BALANCES AND CASH

	30 September	31 December
	2023	2022
	RO'000	RO'000
	(Unaudited)	(Audited)
Cash at bank	54,890	34,747
Less: allowance for expected credit loss	(240)	(147)
	<u>54,650</u>	<u>34,600</u>
Cash in hand	647	641
	<u>55,297</u>	<u>35,241</u>

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

	30 September	31 December
	2023	2022
	RO'000	RO'000
	(Unaudited)	(Audited)
At 1 January	147	142
Charge for the period / year	93	5
At 30 September /31 December	<u>240</u>	<u>147</u>

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Notes to the interim condensed financial statements

For the nine months period ended 30 September 2023

10 TRADE AND OTHER RECEIVABLES

	30 September 2023 RO'000 (Unaudited)	31 December 2022 RO'000 (Audited)
Trade receivables	81,338	75,326
Less: allowance for expected credit losses	<u>(9,676)</u>	<u>(9,400)</u>
	71,662	65,926
Prepayments	820	630
Accrued income	17	51
Staff receivables	111	109
Other advances and receivables	<u>4,586</u>	<u>2,931</u>
	<u>77,196</u>	<u>69,647</u>

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 September 2023 RO'000 (Unaudited)	31 December 2022 RO'000 (Audited)
At 1 January	9,400	9,767
Charge (Reversal) for the period / year	<u>276</u>	<u>(367)</u>
	<u>9,676</u>	<u>9,400</u>

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 September 2023 RO'000 (Unaudited)	31 December 2022 RO'000 (Audited)
Trade payables	43,465	45,646
Accrued expenses	3,280	3,332
Advances from customers	730	799
Other payables	<u>1,802</u>	<u>1,565</u>
	<u>49,277</u>	<u>51,342</u>

AL MAHA PETROLEUM PRODUCTS MARKETING CO SAOG

Notes to the interim condensed financial statements

For the nine months period ended 30 September 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 statement of comprehensive income are as follows:

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September</i>		<i>30 September</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	-	202	-	30
Transactions with Directors:				
Directors' remuneration and sitting fees	58	58	20	12
Operating lease expense for a filling station owned by a Director	-	18	-	6
	<u>58</u>	<u>76</u>	<u>20</u>	<u>18</u>

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16 INCOME TAX

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September</i>		<i>30 September</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	1,036	907	451	363
Deferred tax	-	(100)	37	(1)
	1,036	807	488	362

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 September 2023, the Company had capital commitments amounting to RO 4,274 ('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) 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 financial statements. Such reclassifications do not impact the company's previous year/period reported profit or equity.

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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.