Al Maha Petroleum Products Marketing Co. SAOG

Chairman's Report

For the nine months ended 30 September 2018

On behalf of the Board of Directors, I am pleased to present the unaudited interim financial statements of Al Maha Petroleum Products Marketing Co. SAOG for the nine months ended 30 September 2018.

Overview

The recovery of oil prices has had a positive effect on the gradual return of the liquidity to the domestic market and on the demand for the Company's products.

Summary of Financial Performance (RO in millions)

	Jan-Sep 2018	Jan-Sep 2017	Increase /(Decrease)	Variance %
Sales	**364.1**	316.6	47.5	15%
Gross Profit	**22.3**	20.9	1.4	7%
Other income	**1.24**	1.27	(0.03)	(2%)
Total expenses	**(18.9)**	(18.2)	0.7	4%
Net Profit after tax	**4.6**	4.0	0.6	15%

Salient features

Total sales during Jan-Sep 2018 has increased by 15% to RO 364.1 million from RO 316.6 million, an increase of RO 47.5 Million, mainly on account of increase in domestic fuel prices during the Jan-Sep 2018, compared to the same period in 2017.

Retail sales segment saw a strong growth with the opening of 10 new filling stations during the year taking the total number of filling stations to 216 as at 30 Sep 2018. The Company has also adopted a strategy to promote customer loyalty through the promotion and sale of fuel by the usage of fuel cards and bank cards, for the growth of this segment.

Commercial sales segment accounted for 30% of the Company's total revenue. Sales volume of this segment fell by 15% compared to the same period last year mainly due to decrease in supplies to major customers like government entities on account of rationalization of fuel consumption. With the rebound of fuel price, we expect growth in this segment.

Aviation segment, benefitting from the growth in the tourism industry and surge in passengers traffic, is experiencing significant growth. Further, increase in international prices of aviation fuel has also contributed to the growth of the segment.

Chairman's Report

For the nine months ended 30 September 2018 (continued)

Main variances in the statement of financial position

Trade and other receivables have increased by RO 11.6 million, compared to the same period last year, due to the increase in domestic fuel prices during the period.

Trade and other payables have increased by RO 9.4 million due to the increase in purchases value of petroleum products from Oman Oil Refineries and Petroleum Industries Company (ORPIC) in September 2018, compared to the same period last year.

Social responsibility

We continue our social responsibility drive by supporting various social events and adopting several Health, Safety & Environmental programmes, to the benefit of the community at large.

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 Qaboos Bin Said and his esteemed government for providing all opportunities for economic and financial growth for all sectors of the Omani economy to flourish.

We thank our shareholders and customers and the officials of Capital Market Authority and Muscat Securities Market for their valuable support and co-operation. We also appreciate the dedicated and committed service of our staff members.

Juma Ali Al Juma Al-Juma
Chairman
29 October 2018