Al Maha Petroleum Products Marketing Co. SAOG
Chairman's Report
January – September 2016

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 period of January – September 2016.

Overview

Despite the prevalence of low oil prices and the challenges it offers and the cost push pressures resulting from subsidy reforms, Your Company continues to focus on growth and remain positive about future prospects. The gradual recovery in oil prices and the wise economic policies of the Government of Sultanate of Oman has a clear impact in guiding the overall economy of the Sultanate in the coming years.

Summary of Financial Performance (RO '000)

	I Quarter 2016	II Quarter 2016	III Quarter 2016	**Jan-Sep 2016**	Jan-Sep 2015	Variance %
Sales	**84,404**	**101,854**	**108,620**	**294,878**	**262,355**	**12%**
Gross Profit	6,308	7,723	8,189	**22,220**	21,205	5%
Other income	518	453	688	**1,659**	1,410	18%
Total expenses	(4,774)	(5,688)	(5,713)	**(16,175)**	(14,664)	10%
Net Profit after tax	**2,052**	**2,488**	**3,164**	**7,704**	**7,951**	**(3%)**
Earning per share – RO				0.112	0.115	(3%)
Net Assets per share-RO				0.739	0.709	4%

Salient features

Total sales during Jan-Sep 2016 has increased to RO 294.9 million from RO 262.4 million, an increase of RO 32.5 Million (12%).

Retail sales increased during the period mainly due to increase in domestic fuel prices from mid Jan 2016, despite drop in product demand mainly in the border areas. Continuing our focus on increasing filling stations net work throughout Oman, 5 new filling stations have been opened during the period taking the number of filling stations to 198, with another 4 filling stations in various stages of construction.

Commercial sales increased further due to the increased demand from the public utility sector and other major customers. With the Government continuing its focus on infrastructure development, we look forward positive growth in this segment.

Aviation sales volume registered a positive growth during the period due to increased fuel supplies to Oman Air & other commercial airlines operating in the Muscat International airport.

Main variances in the statement of financial position

Trade and other receivables have increased by RO 35.7 million, compared to the same period last year, mainly as a result of increased commercial sales value due to increase in domestic fuel prices since mid Jan 2016 and due to decline in cash inflows during the period as a result of the current market conditions, especially those relating to the circumstances of the Gulf States.

Trade and other payables have increased by RO 6.1 million due to the increase in purchases value of petroleum products from Oman Oil Refineries and Petroleum Industries Company (ORPIC) in September 2016, compared to the same period last year.

Health, Safety & Environment (HSE)

HSE remains the foremost focus by the Company due to the critical nature of our operations. Comprehensive HSE training was conducted during the period to equip employees and contractors with knowledge and techniques of high HSE standards.

Acknowledgement

On behalf of the Board of Directors, I take this opportunity to express our most humble gratitude and loyalty to His Majesty Sultan Qaboos Bin Said and his respected government for their kind support to private sector companies and for giving our generous country the continued stability, peace and prosperity.

We thank our shareholders and customers for their continued support. We extend our thanks to the officials of Capital Market Authority and Muscat Securities Market for their valuable support and co-operation.

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Juma Ali Al Juma Al-Juma
Chairman
20 October 2016