Al Maha Petroleum Products Marketing Co. SAOG

Chairman's Report
For the I Quarter ended 31 March 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 I Quarter ended 31 March 2018.

Overview

A gradual and sustained recovery of crude oil prices and prudent economic policies of the Oman government to diversify the economy, suggests an economic turnaround may be gradually taking hold. However, the rising domestic fuel prices continues to affect the demand for our fuel products mainly in the Retail & Commercial sectors.

Summary of Financial Performance

	I Quarter 2018 RO'000	I Quarter 2017 RO'000	Increase / (Decrease) RO'000	Variance %
Sales	**112,035**	101,056	10,979	11%
Gross Profit	**6,412**	6,668	(256)	(4%)
Other income	**428**	418	10	2%
Total expenses	**(5,683)**	(5,510)	173	3%
Net Profit after tax	**1,157**	1,576	(419)	(27%)

Salient features

Total sales during Jan-March 2018 has increased to RO 112 million from RO 101 million, an increase of RO 11 Million (11%), mainly on account of significant increase in domestic fuel prices during the I Quarter 2018, compared to the same period in 2017.

The Ministry of Gas has announced a uniform fuel price margin structure for all retail products effective from 01 March 2018. This coupled with reduced activity in the "internally operated Joint Fuel depot" at Mina Al Fahal and increased fuel up-liftments from the new Jiffnain with higher depot charges, have squeezed our margins further. Your Company is in continuous negotiation with the Ministry of Gas highlighting the effect of the new price structure on our operational and financial performance and persuading the Ministry for upward revision of our margins.

Retail sales growth is affected by the decrease in demand on account of rising pump prices and decline in the growth of automobile industry and cautious spending by public in general.

However, we focus on the growth of retail segment. 2 new filling stations have been opened during the period taking the number of filling stations to 208 and few other filling stations are in various stages of construction.

The much expected National Subsidy scheme which provides M91 to lower section of the Society was rolled over in early Jan 2018. The scheme accepting Bank VISA cards launched in later part of 2017, has gained wider popularity and public support.

Chairman's Report
For the I Quarter ending 31 March 2018 (continued)

Commercial sales growth is also affected by the decreased demand from major customers, low spending on infrastructure development activities both by the Government & Commercial sectors. With the recovery of Global oil prices, we are optimistic about the future growth of this segment.

Aviation sales volume has registered positive growth during the period due to increased fuel supplies to Oman Air and other major customers.

Main variances in the statement of financial position

Trade and other receivables have increased by RO 2.5 million, compared to the same period last year, mainly as a result of increased sales value due to increase in domestic fuel prices during the period.

Trade and other payables have increased by RO 2.2 million due to the increase in purchases value of petroleum products from Oman Oil Refineries and Petroleum Industries Company (ORPIC) in March 2018, compared to the same period last year.

Annual General Meeting / Dividend

In the Annual General Meeting of the Company held on March 15, 2018 the shareholders approved a cash dividend of 65 baisa per share totaling RO 4.485 million for the year ended December 31, 2017, which represents 65 percent of share capital.

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 who has been providing ideal political, economic and financial framework for all the sectors of the 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 April 2018