# Board of Directors' Report

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the unaudited Financial Statements of the Company for the six months period ended 30 June 2019.

The year 2019 marks the 25 th anniversary of our operations. While fuelling the nation's growth, your Company has always kept its core values of Trust & Partnership at the heart of its business, providing multiple benefits to its stake holders, customers, partners & employees.

Your Company has since inception aligned its corporate strategies with the greater good of the country and its people. Using its strong presence in every region of the Country, your Company is enthusiastically aligning its efforts with the Government's developmental initiatives with sustained vigour & commitment.

Despite the challenging environment, your Company is focused on its core businesses and is committed to deliver high values to all its stakeholders and shouldering the responsibilities of a good corporate citizen.

## Financial Results summary (RO'000)

| | **Jan-Jun 2019** | Jan-Jun 2018 | Inc. /dec. | Inc/(Dec) % |
|---|---|---|---|---|
| **Sales** | **232,609** | 234,242 | (1,633) | (0.7%) |
| Cost of Sales | **(218,747)** | (220,326) | (1,579) | (0.7%) |
| **Gross Profit** | **13,862** | 13,916 | (54) | (0.4%) |
| Other income | **776** | 1,032 | (256) | (25%) |
| Operating & admin. and other expenses | **(12,278)** | (11,951) | 327 | 3% |
| Finance expenses (net) | **(315)** | (82) | 233 | 284% |
| **Net Profit after tax** | **2,045** | 2,915 | (870) | (30%) |
| **Shareholders' value:** | | | | |
| Earnings per share (RO) | **0.0296** | 0.0422 | (0.0126) | (30%) |
| Book value per share (RO) | **0.628** | 0.695 | (0.0672) | (10%) |
| Net equity (RO'000) | **43,321** | 47,955 | (4,634) | (10%) |

## Highlights

- Total Sales achieved during Jan-Jun 2019 was RO 232.6 million, a decrease by 0.7%, when compared with RO 234.2 million achieved during the same period last year.
- Net profit during the period Jan-Jun 2019 has decreased by RO 870 K (i.e.30%), mainly due to:

i) decrease in other income, as a result of one-off income recognised in II Qtr 2018,
ii) increase in operating & administration and other expenses during the period,
iii) increase in finance charges resulting from increased cost of borrowings.

## Marketing Performance

**Retail segment** : Despite the challenging business environment, we continue to focus on the expansion of retail network across the country and operational excellence. During the period Jan-Jun 2019, 3 more retail outlets have been opened taking the total number of filling stations to 220 and several filling stations are in various stages of construction.

**Commercial segment** remains highly competitive & affected by the decreased demand from our major customers mainly due to reduction in their activities.

**Aviation segment** witnessed positive growth during the period due to increased fuel supplies to Oman Air & other major customers.

**Lubricant segment** has also improved its performance during the period despite fierce competitive market.

## Market share

Based on the information published in the financial results of the other petroleum products marketing companies, your Company's market share at the end of II Qtr 2019 stood at 30%.

## Major Variances in the statement of Financial Position

**Non current assets** have gone up by about RO 4.9 million mainly on account of capitalisation of certain leased assets as per IFRS 16 effective from 01 Jan 2019 and increase in deferred tax assets.

**Trade & other receivables** have decreased by RO 14.3 million mainly due to increased impairment provision created as per IFRS 9 and also due to improved collections during the period.

**Trade & other payables** have decreased by RO 1.8 million mainly due to the decreased value of purchases from Oman Refineries and Petroleum Industries Company (ORPIC) in June 2019 compared to same period last year.

## Future Outlook

Low oil price environment continue to challenge the business growth. The Government's strategy of expansion of tourism and logistics sectors provides many growth opportunities for companies in the Sultanate.

## Acknowledgement

On behalf of the Board of Directors and executive management, I take this opportunity, on the occassion of 49 th National day, 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, customers, 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.

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**Juma Ali Juma Al-Juma**
**Chairman**
29-Jul-19