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 three months period ended 31 March 2019.

FINANCIAL PERFORMANCE (RO'000)

	Jan-Mar 2019	Jan –Mar 2018	Inc. /dec.	Inc. /(Dec.) %
Sales	**112,110**	112,237	(127)	(0.1%)
Cost of Sales	**(105,351)**	(105,624)	(273)	(0.3%)
Gross Profit	**6,759**	6,613	146	2.2%
Other income	**135**	226	(91)	(40%)
Total expenses	**(5,914)**	(5,682)	232	4%
Net Profit after tax	**980**	1,157	(177)	(15%)

Shareholders' value:				
Earnings per share – RO	**0.0142**	0.0167	(0.0025)	(15%)
Book value per share – RO	**0.612**	0.670	(0.058)	(9%)
Net equity (RO'000)	**42,257**	46,197	(3,940)	(9%)

Total Sales achieved during I Qrt 2019 was RO 112.1 million, a decrease by 0.1%, when compared with RO 112.2 million achieved during the same period last year.

Net profit during the period I Qtr 2019 has decreased by RO 177 K (i.e.,15%), due to increase in operational expenses (viz., technical fees & transportation costs), finance costs and decrease in other income, when compared with I Qtr 2018.

MARKETING PERFORMANCE:

Retail segment continues to be our top priority, as we target to increase our filling station network across the country. During the I Qtr 2019, one new retail outlet has been opened taking the total number of filling stations to 219.

Commercial segment is largely affected by the decreased demand from our major customers and the fierce competition in this segment.

Aviation segment registered positive performance during the period, in terms of sales volume, due to increased fuel supplies to commercial airlines operating in the Muscat International Airport. Your Company is proud to be selected by Oman Air, as their aviation fuel supplier to the extent of 50% of their fuel requirement, which signifies the continued recognition of our services by the National Carrier.

Lubrication segment, also showed positive growth during the period, due to securing of new contracts, introduction of new products and services viz., high street sales etc.
Your Company is optimistic to expand this segment through a well planned marketing and development strategy and partnering with "Petronas International", a leading lubricant brand.

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 I Qtr 2019 stood at 30%.

Major Variances in the statement of Financial Position

Non current assets have gone up by about RO 4.2 million mainly due to the adoption of IFRS 16 on Leases, effective from 01 Jan 2019, which has brought in to books the value of certain leased assets.

Trade & other receivables have decreased by RO 6.7 million mainly due to increased impairment provision created as per IFRS 9 and also due to improved collections during the period.

Annual General Meeting / Dividend

In the Annual General Meeting of the Company held on March 25, 2019 the shareholders approved a cash dividend of 70 baisa per share totaling RO 4.830 million for the year ended December 31, 2018, which represents 70 percent of share capital.

Future Outlook

Fuel prices rallied to a new high level with the prices approaching $70 per barrel, giving a potential boost to the country's fiscal outlook. Oman's expansion into the tourism and logistics sectors is also expected to open up many opportunities for companies in the Sultanate.

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 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 Al Juma Al-Juma
Chairman
27 April 2019