Chairman's Report

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the unaudited Financial Statements for the six months period ended 30 June 2020.

FINANCIAL PERFORMANCE (RO'000)

	Jan-Jun 2020	Jan-June 2019	Inc /(dec)	Inc/(dec) %
Sales	**171,615**	233,895	(62,280)	(27%)
Gross profit	**10,283**	14,074	(3,791)	(26%)
Other income	**1,526**	867	659	76%
Total expenses	**(11,907)**	(12,896)	(989)	(8%)
Net profit after tax	**(98)**	2,045	(2,143)	(105%)

Earnings per share (RO)	**(0.0014)**	0.0296	(0.0310)	(105%)
Book value per share (RO)	**0.585**	0.637	(0.052)	(8%)
Net equity (RO'000)	**40,375**	43,940	(3,565)	(8%)

It is to be noted that that the II quarter 2020 has been the most challenging period that we have encountered in the last two decades of our business due to the Covid-19 pandemic. The sharp fall in the road and air travel due to the lockdown in the late I quarter and large period of II quarter, saw significant decrease in fuel consumption by our customers affecting our performance.

Total sales during the period dropped by RO 62.3 million i.e. about 27 % from RO 233.9 million during Jan-Jun 2019 to RO 171.6 million in Jan-Jun 2020 mainly due to decrease in sales activity as a result of lockdown measures adopted by the Government during April & May 2020 to contain the Covid-19 pandemic, which caused largescale disruptions to our activities. Further, steep fall in fuel prices mainly the international aviation fuel prices, during the period, resulted in significant stock value losses leading to decline in the gross margins and reduction in net profit during the period Jan-June 2020 in comparison with the same period last year.

MARKETING PERFORMANCE

Retail segment remains the main focus as we continue to modernize our retail outlets and its activities & services. Reduced economic activity due to the COVID-19 pandemic has caused changes in retail fuel supply and demand patterns during the period.

Chairman's Report (continued)

Commercial segment, despite the low demand environment, witnessed improved performance in a specific customer segment.

Aviation segment performance is largely affected by the halting of Oman Air and other international airlines as a result of the pandemic.

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 quarter 2020 stood at 29%.

Future Outlook

As the Coronavirus wreaks economic turmoil around the world, our business too faces un-precedented stress in the short run. It all depends on the longevity of the Covid-19 and the expected return to normalcy and that we can indeed come out of the crisis and restore normalcy in our business operations.

Despite the negative effects of the pandemic, we also notice the tremendous positive changes that are unfolding at the same time. We are revisiting our business models, getting leaner and stronger as a stepping-stone to better outcomes in the days to come.

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 Haitham bin Tariq** and his efforts in continuing the legacy of His Majesty Sultan Qaboos towards a prosperous Oman.

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 July 2020