

Chairman's Report

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the interim unaudited Financial Statements for the period Jan-June 2022.

FINANCIAL PERFORMANCE (RO'000):-

	Jan-Jun 2022	Jan-Jun 2021	Inc/(Dec)	Inc/(Dec) %
Sales	223,234	171,497	51,737	30%
Cost of Sales	(210,268)	(160,830)	(49,438)	31%
Gross profit	12,966	10,667	2,299	22%
Other income	3,067	3,019	48	2%
Total expenses	(13,413)	(12,670)	(743)	6%
Net profit	2,620	1,016	1,604	158%
Earnings per share (RO)	0.038	0.015	0.023	153%
Book value per share (RO)	0.637	0.639	(0.002)	(0.3%)
Retained earnings (RO)	32,652	32,792	(140)	(0.4%)
Total equity (RO'000)	43,956	44,096	(140)	(0.3%)

The high crude oil prices - the main engine of economic growth - during the first half of 2022 boosted commercial activities and thus accelerated economic progress in the country and the region.

As a result, your Company has achieved an improved performance by registering a growth of:

- 30% in sales (RO 223 million in Jan-Jun 2022 against RO 171 million in Jan-Jun 2021)
- 158% in net profit (RO 2.6 million in Jan-Jun 2022 against RO 1 million in Jan-Jun 2021).

MARKETING PERFORMANCE:-

Retail segment

This segment remains the top priority and the chief revenue earner for the Company.

Revenues of the retail sector increased significantly due to the gradual return to normalcy of commercial activities related to this sector.

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Commercial segment

The growth in this sector is challenging due to intense competition. At the same time, the demand in the construction and electricity sectors is also experiencing some decline.

However, the increase in new commercial activities due to the increase in government spending and increase in foreign investment in the country's various infrastructure projects is expected to drive business growth in this segment.

Aviation segment

The volume of jet fuel sales increased significantly as the tourism and air transport industry gradually returned to pre-pandemic levels. In addition, Oman Air and other major airlines have resumed services to many destinations, which has contributed to the growth in sales.

Lubricant Segment

Lubricant Segment has also improved its performance during the period with the wider acceptance and popularity of the Al Maha brand lubricants both in the local and export market.

Quality, Health, Safety and Environment (QHSE)

Quality, Health, Safety, and Environment are the cornerstone of the company's operations to ensure the continuity and growth of our business without risks, which made the challenge of achieving the goal of zero Lost Time Injuries is not impossible to achieve, and this was achieved through raising the efficiency of employees, continuous training and effective management.

Future Outlook:-

The return to normalcy evidenced by the all the sectors of the economy and increased oil prices provides a reasonable base for optimism for strong growth ahead and your Company strategically positioned itself to capitalise on the opportunities that are being created by the changing market environment and confidently looks forward to the achievement of its strategic business objectives in the days ahead.



Chairman's Report (continued)

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 toward a prosperous Oman.

We thank the Ministry of Energy and Minerals, the Ministry of Commerce, Industry and Investment Promotion, OQ Refineries, our shareholders, customers, the officials of the Capital Market Authority, the Muscat Stock Exchange, and Muscat Clearing & Depository Company for their valuable support and co-operation. We also appreciate the dedicated and committed service of our staff members.

Dr. Saif Salim Saif Al-Harhi

Chairman

27 July 2022