Chairman's Report

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the unaudited Financial Statements for the I Quarter ended 31 March 2020.

FINANCIAL PERFORMANCE (RO'000)

	I Qtr 2020	I Qtr 2019	Inc /(dec)	Inc/(dec) %
Sales	**100,965**	112,498	(11,533)	(10%)
Gross profit	**5,500**	6,587	(1,087)	(16%)
Other income	**950**	556	394	71%
Total expenses	**(6,311)**	(6,163)	148	2%
Net profit after tax	**139**	980	(841)	(86%)
Earnings per share (RO)	**0.002**	0.014	(0.012)	(86%)
Book value per share (RO)	**0.589**	0.621	(0.032)	(5%)
Net equity (RO'000)	**40,612**	42,875	(2,263)	(5%)

▪ Total sales during the period dropped by about 10% from RO 112.5 million during I Qtr 2019 to RO 100.9 million in the I Qtr 2020), a decrease by RO 11.5 million mainly due to decrease in sales volume and sudden fall international aviation prices resulting from the outbreak of Covid-19 pandemic.

▪ Further, steep fall in the fuel prices mainly the international aviation fuel prices, during the period, resulted in stock value losses leading to decline in the gross profit by about RO 1.1 million (16%) and net profit by about RO 0.8 million (86%).

MARKETING PERFORMANCE

Retail segment continues to be our top priority, as we target to increase our filling station network through-out the country. New customer centric initiatives to increase retail sales have been taken up.

Commercial segment is largely affected by the decreased demand from our major customers as a result of the Covid-19 pandemic crisis, which is disrupting the commercial activities of our customers.

Aviation segment, despite affected by the decline in Oman Air & other commercial airlines activities at the Muscat International airport, improved its performance due to increased supplies to our major customer in the Government sector.

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 2020 stood at 29%.

Annual General Meeting / Dividend

In the Annual General Meeting of the Company held on March 15, 2020 the shareholders approved a cash dividend of 70 baisa per share (70% of share capita) totaling RO 4.830 million for the year ended December 31, 2019, which was fully paid before the end of March 2020.

Contribution to Government Health fund to fight Covid-19

Amidst the current challenging conditions, Your Company has contributed RO 200,000 to the Government's Endowment Fund, an important initiative by the Government to alleviate the impact of Covid-19 pandemic.

Future Outlook

As the pandemic, which threatens performance of many sectors of the economy, rages on into the second quarter, every business is predicting difficult times ahead.

In an effort to mitigate some of the risks posed by the pandemic, your Company is cautiously moving forward adopting digital alternatives to stay in business. Further several cost cutting measures have been implemented to ensure optimum utilization of available resources. We may be still in the midst of the pandemic and we may have to learn to live with it for several months to come.

While we continue to practice social distancing, we remain optimistic and look forward to the reopening of businesses soon as the Government has begun to ease lockdown restrictions. It remains to be seen 'how the pandemic, once subsides, will shape the economic and social behaviors of our customers over the longer term'.

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 Al Juma Al-Juma
Chairman
29 June 2020