

Directors Report

On behalf of the Board of Directors, I am pleased to present the unaudited results of the company for the 6 month period ended 30th June 2008.

Performance Highlights:

	Jan-Jun 2008 RO '000	Jan-Jun 2007 RO '000	Growth (%)
Sales	85,732	70,043	22
Profit after tax	3,183	2,046	56
Earnings per share	0.049	0.032	56
Net Assets per share	0.277	0.219	26

The calculation of the Net Asset per Share is after taking into consideration the affect of dividend payment (2007 - 47.5%, 2006 – 47.5%).

Business segment:

The performance of the Company for the 6 month period recorded a strong growth as compared to the same period last year. The Retail Business Unit continues to improve due to the opening of new service stations and continuous high demand.

The total sales volume for the period has increased by 21% .

Although Commercial and Lubricant business have registered some growth, their growth has been hindered by the pre-approved restricted quota and lubricant price increases (on account of rising base oil prices) respectively.

The Aviation business volumes have fallen mainly due to steep decline in Gulf air uplifts which was compensated to some extent by securing higher volume from from existing commercial airlines customers as well as the Government. The Commercial airlines business is expected to grow and it is being envisaged to contribute positively to the Company's earnings.

Profit:

The increase in profit after tax for the period to RO 3.18 million (2007: RO 2.05 million) is mainly due to higher sales volume for the period as indicated above as well as scrutinizing costs.

Capital Expenditure:

Last year's activity on new builds' has been stepped up further with the commissioning of 3 new sites during the first half and another 2 to be commissioned in the next couple of months.

Health, Safety and Environment (HSE):

Since the last annual directors report, there have been no accidents / incidents involving company / contractor vehicles which have resulted in any serious injury / fatality. There were no other serious health, safety or environment issues in the period.

Business Developments/ Outlook:

- With the positive outlook of the Sultanate's economy, the demand for fuel is expected to grow further.
- The retail new build program will continue and further more sites are expected to be commissioned before the year end.
- The acute shortage of base oil and soaring crude oil prices had a serious impact on the lubricants business. This situation is expected to continue for some more time.
- Barring any unforeseen circumstances, the Board of Directors is positive on the Company's performance for the rest of the financial year.

On behalf of the Board of Directors, I would once again like to express our gratitude and thanks to His Majesty Sultan Qaboos bin Said for his inspired leadership and progressive vision that continues to lead the country along a road of growth and prosperity.

On behalf of the Board of Directors

Salim Abdullah Al Rawas
Chairman

Muscat
15th July 2008