

## 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 30<sup>th</sup> June 2010.

### Performance Highlights:

	<b>Jan-Jun 2010 RO '000</b>	<b>Jan-Jun 2009 RO '000</b>	<b>Variance (%)</b>
<b>Sales</b>	100,214	79,874	25.5
<b>Profit after tax</b>	3,320	2,185	53.2
<b>Earnings per share</b>	0.051	0.034	53.2
<b>Net Assets per share</b>	0.391	0.325	20.3

### Business segment:

The Company good performance continues with high growth in all major business units for the 6 month period. Year on year, Retail business unit volume has increased by more than 10%. The maturity of the new stations last year and early this year, continues to improve the average sales per station for the period under review.

The Commercial fuel business has continued to improve from the previous year with year on year sales increased by more than 26% as a result from securing of new supply contracts.

The Aviation business unit exceptional growth continues into the 2<sup>nd</sup> Quarter of 2010. Year on year the volume has increased by more than 60% whilst market share at Muscat International Airport grew by more than 50% as well. This is at the back of securing 60% of Oman Air fuel requirement. The continuous supply to Ministry of Defence has also contributed positively to the performance of the unit.

The performance of the Lubricant business rebounded in the current quarter with sales volume registering a 13% growth at the local markets.

### Profit:

The profit after tax of the company of OMR 3.3 million (2009: OMR 2.2 million) is mainly due to higher sales volume for the period.

### Capital Expenditure:

The Company has commissioned 1 new site to the Retail network for the current quarter.

**Health, Safety, Security and Environment (HSSE):**

The Company regret to report that in April 2010 there had been a road accident involving the Company's tanker. The investigation had been completed and recommended actions are in place to prevent recurrence.

**Business Developments/ Outlook:**

- The outlook of the Sultanate economy is favourable, and as such the demand for oil product is expected to grow.
- The retail network development program will continue to focus on quality sites to ensure long term sustainability and profitability.

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  
15<sup>th</sup> July 2010