

## Directors Report

On behalf of the Board of Directors, I am pleased to present the unaudited results of the company for the 1<sup>st</sup> quarter 2011 (January – March 2011):-

### Performance Highlights:

	Jan-Mar 2011 RO '000	Jan-Mar 2010 RO '000	Variance (%)
Sales	62,852	44,801	40
Profit after tax	1,873	1,582	18
Earnings per share	0.029	0.025	18
Net Assets per share	0.433	0.364	19

### Business segment:

The performance of all strategic business units continued to improve with the sales momentum from the fourth quarter last year continued to the current quarter. The Retail sector volume grew by more than 20% year on year.

The Commercial Business Unit is the biggest beneficiary in the growth of Oman economy with volume increase of approximately 23% year on year at the back of securing new contracts.

The Lubricant business unit which includes BP & Castrol products and Oman Oil lubricants (for export market) have continues to make in roads towards premium market. The continuous efforts in promoting Oman Oil lubricants in the region have borne fruits with successful launching of the product in certain countries in the region.

The securing existing commercial airlines contract contributed positively to Aviation business unit as compared to same period last year. Nevertheless there is decline in volume growth from quarter to quarter due lower demand by other commercial airlines.

### Profit:

The increase in profit after tax for the period to RO 1.87 million (2010: RO 1.58 million) is mainly due to higher sales volume for the period.

### Capital Expenditure:

Currently there are new stations being built at various stages of completion. The Company envisaged a few of those stations will be commissioned in the second quarter.

**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:**

- The favourable outlook of the Sultanate economy, the demand for fuel is expected to be sustainable.
- The retail network development programme will continue focusing 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 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  
27th April 2011