

Directors Report

On behalf of the Board of Directors, I am pleased to present the unaudited results of the company for the 1st quarter 2010 (January – March 2010):-

Performance Highlights:

	Jan-Mar 2010 RO '000	Jan-Mar 2009 RO '000	Variance (%)
Sales	44,801	37,795	19
Profit after tax	1,582	1,085	46
Earnings per share	0.025	0.017	46
Net Assets per share	0.364	0.308	18

Business segment:

The performances of all strategic business units continued to improve. The sales momentum from the fourth quarter last year continued to the current quarter with retail sector volume increase by more than 11% year on year. The maturity of many new stations has improved the average sales per station for the period under review.

The Commercial Business Unit is benefiting from the growth of Oman economy whilst securing new contracts and projects. The year on year sales volume has increased by 10%.

The performance of Lubricant business unit is commendable with substantial increase in volume registered against last year of 20%.

The securing of Oman Air has contributed positively to Aviation business unit. The volume increase as compared to last year was more than 6%.

Profit:

The increase in profit after tax for the period to RO 1.58million (2009: RO 1.08 million) is mainly due to higher sales volume for the period and also higher contribution from Ahlain convenience stores.

Capital Expenditure:

Last year's activity on new builds' has been stepped up further with 2 new sites being commissioned during the period. 3 new sites and shops are currently constructed, and expected to be completed in second quarter this year.

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 2010