

Directors Report

On behalf of the Board of Directors, I am pleased to present the unaudited results of the company for the 1st quarter 2008 (January – March 2008):-

Performance Highlights:

	Jan-Mar 2008 RO '000	Jan-Mar 2007 RO '000	Growth (%)
Sales	41,352	34,221	21
Profit after tax	1,608	1,025	57
Earnings per share	0.025	0.016	57
Net Assets per share	0.253	0.203	25

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 performances of all strategic business units with the exception of Aviation have shown substantial increases in sales. The total sales volume for the period has increased by 22% with the Retail Business registering the biggest growth of 40%.

The performances of Commercial and Lubricant business units are commendable in line with the substantial increase in economic activities in Oman and in the GCC countries. This performance has contributed to 15% and 23% increase in volume respectively as compared to last year.

The Aviation business unit has secured a new airline, Jet Airways, in January this year, and this will contribute positively to the Company's earnings in the future.

Profit:

The increase in profit after tax for the period to RO 1.61million (2007: RO 1.03 million) is mainly due to higher sales volume for the period as indicated above as well as scrutinizing costs.

The Board of Directors of the Company had decided to exit from the joint venture with Al Sarooj Group. The potential losses at this juncture has been fully provided and impact of this exit and any other material losses will be recognized in the financial statements when the losses are reliably estimated.

Capital Expenditure:

Last year's activity on new builds' has been stepped up further with 3 new sites and shops already constructed, awaiting final inspections and expected to be commissioned in the first few weeks of the quarter starting 1st April 2008.

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 economy, it is expected the demand for fuel to be on the increasing trend.
- The Company is focusing its efforts at gaining new business and developing new areas (a few major accounts have been signed up late in the last quarter which are expected to increase revenues and profits going forward).
- The aggressive build program will continue and a further 3 sites are expected to be commissioned in the ensuing quarters.
- The development of our own brand of lubricants for export markets is gaining acceptance. This is estimated to contribute positively to the Company's earnings by this year.
- 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 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
21st April 2008