

## 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 2009 (January – March 2009):-

### Performance Highlights:

	Jan-Mar 2009 RO '000	Jan-Mar 2008 RO '000	Variance (%)
Sales	37,795	41,352	-9
Profit after tax	1,081	1,608	-33
Earnings per share	0.017	0.025	-33
Net Assets per share	0.308	0.253	22

The calculation of the Net Asset per Share is after taking into consideration the affect of dividend payment (2008 - 35%, 2007 – 47.5%).

### Business segment:

The performances of all strategic business units were affected by lower demand by the consumer market as well as the decline in economic activities in the construction sector. Year on year, the retail market segment continues its growth however at a slower pace of only 4%. The maturity of many new stations continues to improve the average sales per station for the period under review.

This lower demand has also affected the commercial strategic business unit with volume drop of more than 30% compared to last financial year. This is mainly due to completion and rescheduling of many construction and infrastructure projects.

The performance of Lubricant business unit is commendable in spite of the lower volume registered against last year of 12%. The continuation of higher local lubricant prices has propelled the business unit to register higher sales by 15% as compared to last year. This is achievable at the back of securing new market as well as continuous customer support on the commercial and industrial customers.

The Aviation business unit continues to benefit from more passengers arrivals at the Muscat International airport. The heightened activity in the government sector had also contributed positively towards the company earnings.

### Profit:

The drop in profit after tax for the period to RO 1.08million (2008: RO 1.61 million) is mainly due to lower sales volume for the period coupled with higher unit cost per transaction as more petrol stations become operational.

**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 third 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:**

- With the continued stable outlook of the Sultanate economy, it is expected the demand for fuel to be on the increasing trend albeit at a slower pace.
- The Company is focusing its efforts at gaining new business and developing new markets.
- The retail network development programme will continue focusing on quality sites to ensure long term sustainability and profitability.
- 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  
27th April 2009