

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 30th June 2009.

Performance Highlights:

	Jan-Jun 2009 RO '000	Jan-Jun 200 [^] RO '000	Variance (%)
Sales	79,874	85,732	-7
Profit after tax	2,185	3,183	-31
Earnings per share	0.034	0.049	-31
Net Assets per share	0.325	0.277	17

Business segment:

The performance of the Company for the 6 month period continued to be affected by the decline in economic activities in the construction sector. The Company has adopted many strategies to address this decline. The growth of retail business unit continued with volume increase of more than 4% as compared to last year. 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 improved from the previous quarter 2009 with the securing of new supply contract from RAECO. The commercial fuel volume is projected to grow with this positive development.

The performance of the Aviation business has further improved in the current quarter. The Company has secured a supply contract with Turkish Airlines as well as higher off take of products from other commercial airlines. The continuous supply to Ministry of Defense has also contributed positively to the performance of the unit.

The performance of the lubricant business rebounded in the current quarter with sales volume registered a 23% growth. The growth in new export markets has further increase the demand of the OOMCO brand.

Profit:

The profit after tax of the company of OMR 2.2 million is lower than last year mainly attributable to high operational costs such as new license fees of 0.4% of sales and maintenance costs of higher number of stations and commercial sites.

Capital Expenditure:

The Company has commissioned 1 new site to the Retail network for the current quarter. Subject to the approval by the relevant authorities, at least 2 new sites will be added to the retail network by the end of the 3rd 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 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.
- The performance of the company is expected to sustain for the rest of the financial year.

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
15th July 2009