

Directors Report for the nine month period ended 30th September 2006

On behalf of the Board of Directors, I am pleased to present the unaudited results of the company for the nine month period January – September 2006:-

Performance Highlights:

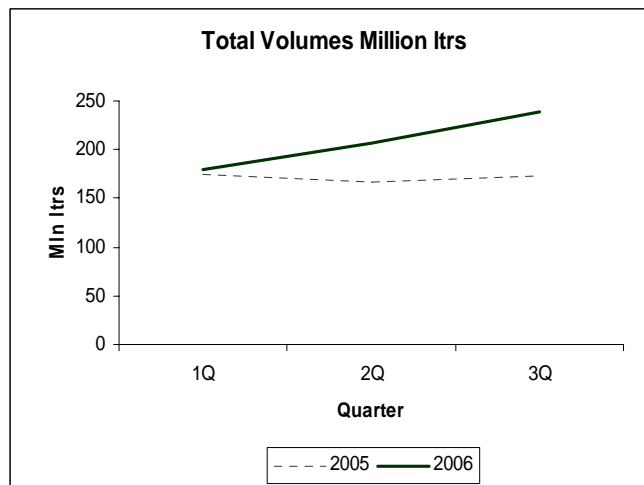
	Jan-Sept 2006 RO 000's	Jan-Sept 2005 RO 000's	Growth (%)
Sales	87,398	63,965	36.6
Profit after tax	2,779	2,258	22.6
Earnings per share	RO * 0.043	RO 0.350	22.9
Net assets per share	** 0.216	2.036	6.0

* The Sept 2006 figures are post share split in the ratio of 1:10 (growth computed is on like to like basis)

** The Sept 2006 figures are post share split in the ratio of 1:10 (growth computed is on like to like basis). The Net assets per share are after a 91.5% payout of 2005 net profit as dividend (**paid in 2006 – 45%**, 2005-30%)

Underlying volumes:

Performance for the first nine months of the year is better than that for the same period last year. Year on year basis (for the same period), underlying volumes have increased by 21%. On an underlying quarter basis, the volumes grew 37% over last year and on a trailing quarter basis (over previous quarter in the same year) the volumes increased by 15% reflecting the surge in volumes since removal of supply restrictions which had affected the 1st half performance.



Business segment: All businesses except for lubricants grew in volumes over last year. Aviation registered a 62% increase in volumes (58% quarter on quarter and 3% on trailing quarter basis) followed by the business to business segment which registered a 33% increase in volumes (34% quarter on quarter basis, 18% on trailing quarter basis) closely followed by retail 20% on ytd to ytd basis (30% on quarter to quarter basis and 18% on trailing quarter basis) above. The lubricants business has been facing continual period of increasing prices which need to be passed onto customers in large part; this has been impacting lubricant volumes with some customers switching to cheaper brands. We expect the growth trajectory

to be maintained going forward given the general economic climate in the sultanate as also our own efforts at gaining new business and focusing on developing new areas.

Profit:

The profit for the period ended September 2006 at RO 2,792,920 (excluding share of loss from Joint Venture Company RO 14,107) reflects an increase of 23.7% in the underlying business on PAT terms. This profit is after taking a charge of RO 576,135 towards creating additional provision for doubtful debts. The company adopts a conservative approach in this regard; efforts are on to collect the money's from the parties involved including taking legal action, where considered necessary. On recovery of the debt, the amount provided for gets written back to profits.

The joint venture company has recorded a minor loss during the 9 month period; our share of RO 14,107 is adjusted in the profits. This is primarily due to stepped up its efforts and focus by recruiting a general manager for the company in the past few months. The gains of these focused efforts are expected to flow in the periods to come.

Building for the future: We continue to invest in identified future growth areas or where we do not have a significant presence as of now, with a stepped up pace. During the period ended Sept, 8 filling stations & 7 shops were commissioned taking the total to 96 filling stations and 28 shops (3 Filling stations and 2 shops in the quarter ended September 06). The company expects to end the year with around 97 filling stations and 31 shops in its network. All capital investment has been funded from internal accruals.

Others: The shares, post the share split, continue to be traded regularly on the MSM and forming part of the pivotal MSM 30 index and the Service sector index.

Health, Safety and Environment (HSE): There were a few accidents involving company / contractor vehicles but not resulting in any serious injury / fatality. The above apart, there were no other serious health, safety or environment issues the period.

Business Developments/Outlook:

- UAE fuel prices continue to be significantly higher than that in Oman. Sites along the Batinah coast especially those close to the border have seen volume growth due to incoming/outgoing traffic fuelling up vehicles in Oman. This is expected to continue going forward.
- Global rise in crude oil prices has resulted in a spurt in the economy which in turn continues to drive demand for fuel especially from the construction industry.
- Pace of exploring growth opportunities has been stepped up with several initiatives under way at the moment at various stages of progress. Further information on such projects will be shared once these take concrete form.

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
16 October 2006

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 UNAUDITED SUMMARY OF PERFORMANCE
 30 SEPTEMBER 2006

	9 months ended		12 months ended
	30-09-2006	30-09-2005	31-12-2005
	RO	RO	RO
Total Assets	27,983,972	26,297,058	26,414,270
Total Liabilities	14,061,772	13,163,614	12,368,383
Net Assets	13,922,200	13,133,444	14,045,887
Net Assets per share	0.216 *	2.036	2.178
Current Ratio	1.299	1.357	1.410
	9 months ended	9 months ended	12 months ended
	30 September	30 september	31 December
	2006	2005	2005
Gross Profit (RO)	8,584,418	6,805,955	9,414,229
Gross Profit Margin (%)	9.8	10.6	10.4
Net Profit (RO)	2,778,813	2,257,812	3,170,255
Earnings per share (RO)	0.043 *	0.350	0.492

* Post share split in the ratio of 10 shares for every 1 share. The simple average EPS is given above.
 The waighted average EPS for the period is RO 0.106 (see note 11)

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Unaudited Income statement

for the period ended 30th September

	Notes	9 months ended		12 months ended
		30/09/2006 RO	30/09/2005 RO	31/12/2005 RO
Sales		87,397,985	63,965,256	90,242,729
Cost of sales		(78,813,567)	(57,159,301)	(80,828,500)
GROSS PROFIT		8,584,418	6,805,955	9,414,229
Marketing, distribution and administration expenses	9	(5,347,623)	(4,030,522)	(5,481,873)
Advertising expenses		(306,792)	(235,442)	(394,577)
Other operating income		249,510	55,500	144,873
PROFIT FROM OPERATIONS		3,179,513	2,595,491	3,682,653
Share of net profit from joint venture		(14,107)		27,526
Net finance (charges) income	10	(122,617)	(31,979)	(70,309)
PROFIT BEFORE INCOME TAX		3,042,789	2,563,512	3,639,870
Income tax	7	(263,976)	(305,700)	(469,615)
NET PROFIT FOR THE PERIOD		2,778,813	2,257,812	3,170,255
BASIC EARNINGS PER SHARE	11	0.043 *	0.350	0.492

* Post share split in the ratio of 10 shares for every 1 share. The simple average EPS is given above.

The weighted average EPS for the period is RO 0.106 (see note 11)

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Unaudited Balance Sheet

as at 30 September

	Notes	9 months ended		12 months ended
		30/09/2006 RO	30/09/2005 RO	31/12/2005 RO
NON-CURRENT ASSETS				
Property, plant and equipment	1	10,351,067	9,055,841	9,634,075
Interest in Joint Venture		33,419	20,000	47,526
Deferred tax		65,620	29,759	23,896
TOTAL NON-CURRENT ASSETS		10,450,106	9,105,600	9,705,497
CURRENT ASSETS				
Inventories	2	2,117,928	3,297,084	2,111,309
Accounts receivable and prepayments	3	14,207,606	12,650,066	12,296,774
Bank balances and cash	13	1,208,332	1,244,308	2,300,690
TOTAL CURRENT ASSETS		17,533,866	17,191,458	16,708,773
TOTAL ASSETS		27,983,972	26,297,058	26,414,270
EQUITY				
Share capital	4	6,450,000	6,450,000	6,450,000
Statutory reserve	12	2,150,000	2,150,000	2,150,000
Retained earnings		5,322,200	4,533,444	5,445,887
TOTAL EQUITY		13,922,200	13,133,444	14,045,887
NON-CURRENT LIABILITIES				
Employees' end of service benefits	5	327,601	302,761	310,642
Provision for site restoration and abandonment cost		238,008	189,854	207,678
TOTAL NON-CURRENT LIABILITIES		565,609	492,615	518,320
CURRENT LIABILITIES				
Accounts payable and accruals	6	10,807,210	8,543,108	8,169,566
Short-term loan	14	2,000,000	3,500,000	2,900,000
Income tax	7	375,738	296,594	457,891
Environmental provision	8	313,216	331,297	322,606
TOTAL CURRENT LIABILITIES		13,496,163	12,670,999	11,850,063
TOTAL EQUITY AND LIABILITIES		27,983,972	26,297,058	26,414,270
NET ASSETS PER SHARE		0.216 *	2.036	2.178

* Post share split in the ratio of 10 shares for every 1 share.

