

OMAN OIL MARKETING COMPANY SAOG

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Directors Report

On behalf of the Board of Directors, I am pleased to present the unaudited results of the company for the 2nd quarter 2012 (January – June 2012):

Performance Highlights:

	Jan-Jun 2012 RO '000	Jan-Jun 2011 RO '000	Variance (%)
Sales	139,208	134,117	4
Profit after tax	4,165	4,148	-
Earnings per share	0.065	0.064	-
Net Assets per share	0.532	0.468	14

Business Segment:

The performance of all strategic business units continues to rise with the increase in sales for the six month period to RO 139.2 million, 4% higher than last year. This was achieved at the back of solid growth by Retail and Commercial business units. The Retail Business unit sales volume grew by 22%, mainly driven by industry growth, opening and maturing of new stations, new residential areas and the construction of new roads. The Commercial Business unit continued to perform well with sales volume increasing by more than 7%. This was achieved by securing new supply contracts as well as defending and maintaining existing contracts. The Aviation Business unit sales volume however had declined by 35% due to non-renewal of Oman Air fuel supply contract. The Lubricant business Castrol products sales volume grew by 14% year on year driven by continuous demand from the commercial sector. The Company strives to strengthen and promote the brand in the region and continues to promote and seek new export customers.

Profit:

The Profit after Tax for the period is RO 4.17 million (2011: RO 4.15 million). This was achieved at the back of intense competition among all marketing companies in securing new contracts which resulted in decline in gross margins as well as higher costs of operations namely distribution and manpower reflecting higher costs in delivering the higher volumes.

Capital Expenditure:

Currently there are new stations being built at various stages of completion. The Company envisaged a few of those stations will be commissioned in the third & fourth quarter of this year.

Health, Safety, Security and Environment (HSSE):

Since the last annual directors report, there have been no accidents or incidents involving company or contractor vehicles which have resulted in any serious injury / fatality. There are no other serious health, safety, security or environment issues in the given 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

NON - AUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED 30 June 2012

OMAN OIL MARKETING COMPANY SAOG		
STATEMENT OF COMPREHENSIVE INCOME		
	2012	2011
Income:		
Revenue	139,209,461	134,117,256
Cost of goods sold	(126,871,561)	(122,485,891)
Gross Profit	12,337,900	11,631,365
Other income	413,939	357,644
Total income	12,751,839	11,989,009
Expenditure		
Marketing, distribution and administration expenses	(6,598,399)	(5,930,224)
Depreciation	(1,614,396)	(1,388,432)
Finance charges (net)	60,095	45,546
Total Expenditure	8,152,700	7,273,110
Share of net profit from joint venture	45,456	(1,615)
Profit before Taxation	4,644,595	4,714,284
Current taxation	(479,772)	(566,000)
Net Profit / (Loss) for the period	4,164,823	4,148,284
STATEMENT OF FINANCIAL POSITION		
	2012	2011
ASSETS EMPLOYED		
Non-current assets		
Property, Plant & Equipment	24,580,675	21,350,741
Interest in Joint Venture	118,013	70,952
Deferred tax	9,730	9,776
Total non current assets	24,708,418	21,431,469
Current Assets		
Inventories	3,611,641	4,182,544
Accounts receivable and prepayments	28,737,475	26,801,086
Bank balances and cash	22,417,015	13,335,879
Total current assets	54,766,131	44,319,509
Current Liabilities		
Accounts payable and accruals	30,016,864	28,377,900
Short-term loan	10,000,000	5,000,000
Income Tax	591,995	674,515
Total current liabilities	40,608,859	34,052,415
Net Current Assets	14,157,272	10,267,094
Total assets employed	38,865,690	31,698,563
FUNDS EMPLOYED		
Shareholders' funds		
Share capital	6,450,000	6,450,000
Statutory reserve	2,150,000	2,150,000
Retained earnings	25,697,935	21,581,723
Total shareholders' funds	34,297,935	30,181,723
Non-current liability		
Employees' end of service benefits	225,741	209,244
Long term loan	3,904,554	905,968
Provision for site restoration and abandonment cost	437,460	401,628
Total funds employed	38,865,690	31,698,563

Note:

- 1) The above results were reviewed by the Audit Committee prior to being approved by the Board at their meeting held on 17th July, 2012.
- 2) The complete results are available on Muscat Security Market website (www.msm.gov.om) and on our website (www.oomco.com).

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