

Directors Report

On behalf of the Board of Directors, I am pleased to present the unaudited results of the company for the 3rd Quarter 2012 (January – Sept 2012):-

Performance Highlights:

	Jan-Sept 2012 RO '000	Jan-Sept 2011 RO '000	Variance (%)
Sales	211,446	205,293	3
Profit after tax	6,743	6,244	8
Earnings per share	0.105	0.097	8
Net Assets per share	0.572	0.500	14

Business segment:

Oman Oil Marketing sales for the 9 month period rose to RO 211.4 million, 3% higher than last year as sales volume increased by 11%.

The Retail Business unit sales volume grew driven by industry growth, opening of new stations during the period, maturing of existing stations and opening of new residential areas.

The Commercial Business unit continued to perform well with sales volume increased marginally. This was achieved by securing new supply contracts as well as defending and maintaining existing contracts.

The sales volume of Aviation Business unit declined due to non-renewal of a major supply contract. This is being addressed by securing extensions of existing fuel supply contract from international airline customers.

The Lubricant business unit of BP & Castrol products sales volume grew year on year driven by continuous demand from the commercial sector. The Omanoil lubricants brand continued to enjoy acceptance in the MENA region with commendable volume and higher export margins.

Profit:

The Profit after Tax for the period is RO 6.74 million (2011: RO 6.24 million). This was achieved at the back of maturing retail network and intense competition among all marketing companies in securing new contracts as well as higher costs of operations in delivering bigger volumes to customers.

Capital Expenditure:

Currently there are new stations being built at various stages of completion. The Company is planning to commission new stations at new residential area as and when they completed in the final quarter of 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 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

Muscat
22nd October 2012