

Directors Report

On behalf of the Board of Directors, I am pleased to present the Un-audited results of the company for the 1st half 2014 (January – June 2014):-

Performance Highlights:

| | Jan-Jun 2014 RO '000 | Jan-Jun 2013 RO '000 | Variance (%) |
|-----------------------------|-------------------------|-------------------------|-----------------|
| Sales | 168,701 | 147,791 | 14% |
| Profit after tax | 5,457 | 4,978 | 10% |
| Earnings per share | 0.085 | 0.077 | 10% |
| Net Assets per share | 0.709 | 0.614 | 15% |

Company's overall Performance:

Oman Oil Marketing Company SAOG has recorded sales revenue of RO 168.7 million for the first half of 2014, 14% higher compared to first half of 2013 and therefore, the profit after tax has increased by 10% to RO 5.5 million.

The Retail Business sales grew compared to the same period in 2013. This is due to new filling stations introduced to the retail network by end of the last Quarter of 2013. During the first half of 2014, the company added two more stations bringing the total network to 154 filling stations.

As well, the Commercial Business unit also grew compared to same period last year. This was achieved by securing new supply contracts besides continuing with the existing contracts from previous years.

Since the lubricant competition in the market continues to increase, the Lubricant Business unit that includes the following products; BP, Castrol and Omanoil continues its effort to strengthen its presence in the market as well as promoting Oman Oil lubricants inside and outside the Sultanate.

The Aviation business sales have increased significantly compared to the same period last year as a result of the demand from operating airlines at Muscat International Airport and new contracts.

Profit:

The Profit after Tax for the period is RO 5.5 million (2013: RO 5 million), an increase of 10% compared to the same period last year, mainly due to high sales contribution from majority of the Business segments.

Capital Expenditure:

The company has opened two new filling stations in the first half of 2014. As per the Company's plan, number of new stations will be commissioned in the third & fourth quarter of this year, which are currently under construction at various stages of completion.

Health, Safety and Environment (HSE):

Since the last 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 during the period.

Business Developments/ Outlook:

- The favourable outlook of the Sultanate economy and the Government spending policy, will contribute positively to the fuel demand.
- 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, which continues to lead the country along the road of growth and prosperity.

On behalf of the Board of Directors

Salim Abdullah Al Rawas
Chairman

Muscat
17th July 2014