

Directors Report

On behalf of the Board of Directors, I am pleased to present the Un-audited results of the Company for the six- months period ended 30 June 2016 (January – June 2016):-

Performance Highlights:

	Jan-Jun 2016 RO '000	Jan-Jun 2015 RO '000	Variance (%)
Sales	199,466	182,939	9%
Profit after tax	5,022	5,528	(9%)
Earnings per share	0.078	0.086	(9%)
Net Assets per share	0.946	0.824	15%

Business Performance:

Oman Oil Marketing Company SAOG has recorded sales revenue of RO 199 million for the 6 months period of 2016, with the on-going oil price trend. This has resulted in 9% higher Sales revenue compared to the same period last year, due to the deregulation of the fuel prices.

With the removal of the fuel price subsidy, the Retail Business segment witnessed a notional drop in its sustainable sales volumes during the first half of 2016. Nevertheless, the company continues with its expansion strategy on its retail network with the introduction of 5 new filling stations to the retail network during 2016 and more to be open during second half of the year.

The Commercial Business segment is optimistic with the expected government spending. The business continued to perform positively despite intense competition and challenges pose by the adverse economic conditions.

Intense competition, adverse oil prices and economic conditions have posed immense challenges in the lubricant business. The company along with its Franchised partner (BP/Castrol) have carried out aggressive marketing campaigns & trade events on Synthetic and Visco products and new product launch to secure market share and ensure adequate brand presence.

The Aviation Business has safeguarded better volumes compared to the same period of last year as a result of increase in the demand from operating airlines at Muscat International Airport.

Profit:

The Profit after tax for the first half of 2016 is RO 5.0 million (2015: RO 5.5 million).

Capital Expenditure:

The Company is continuing to develop and expand its filling station network in the Sultanate. As per the Company's plan, number of new stations will be commissioned during the second half of this year, which are currently under construction at various stages of completion.

Health, Safety, Security and Environment (HSSE):

There weren't any serious health, safety or environmental issues encountered during the first half of 2016. OOMCO continues to promote a culture of safety within the organisation and outside with several initiatives, such as training and safety campaigns.

Business Developments/ Outlook:

- In spite of the challenging outlook, the recovery of the Oil prices is likely to contribute positively to the Sultanates Economy and the growth in the demand for fuel is expected to be sustainable.
- The retail network development programme will continue focusing on prominent sites to ensure long term sustainability and profitability.

On behalf of the Board of Directors and employees of the company, 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. We pray Almighty Allah to bless him with health and wellness and longevity.

On behalf of the Board of Directors

Salim Abdullah Al Rawas
Chairman

Muscat
25th July 2016