

Directors Report

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

Performance Highlights:

	Jan-Sep 2016 RO '000	Jan-Sep 2015 RO '000	Variance (%)
Sales	312,018	277,969	12%
Profit after tax	7,564	8,876	(15%)
Earnings per share	0.117	0.138	(15%)
Net Assets per share	0.985	0.876	12%

Business Performance:

Oman Oil Marketing Company SAOG has recorded sales revenue of RO 312 million for the nine months period of 2016, which is 9% higher compared to the same period last year due to the deregulation of the fuel prices.

Net Profit for the nine months period stood at RO 7.6 million (2015: RO 8.9 million), which is 15% lower than same period last year. This is mainly due to the lower sales volumes from the economic slowdown and losses incurred from the investments.

With the removal of the fuel price subsidy, the Retail Business segment witnessed a drop in its sustainable sales volumes during the first nine months of 2016. Nevertheless, the company continues with its expansion strategy on its retail segment with the introduction of 5 new filling stations to the retail network so far and further stations planned to be opened during the last quarter of the year.

The Commercial Business segment has witnessed a marginal drop in its volumes compared to the same period last year. This is due to the delay by the Government in awarding its planned projects and deferred government spending on its infrastructure developments. However, the business continued to perform positively to the profit of the company despite intense competition and challenges pose by the adverse economic conditions.

Intense competition, lower base 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 Technological leadership and new product launch to secure market share and ensure adequate brand presence.

The Aviation Business has managed to sustain the same volumes compared to the same period of last year and secured the market leadership at Muscat International Airport.

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 filling stations will be commissioned during the last quarter of 2016, 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 nine months 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
30th October 2016