

Directors' Report

Dear Shareholders,

On behalf of your Board of Directors it gives me great pleasure to present the unaudited results of Oman Oil Marketing Company SAOG for 1H17 (January-June 2017)

	Jan-Jun 2017 RO '000	Jan-Jun 2016 RO '000	Variance (%)
Sales	245,719	199,466	23%
Net Profit after tax	3,633	5,022	(28%)
Earnings per share	0.056	0.078	(28%)
Net Assets per share	1.013	0.946	7%

Financial Performance

The credit exposure of the Company during the first half of 2017 has been adversely impacted by both market uncertainties and the prevailing economic climate. This mainly has deprived the financial performance compared to the first half of 2016. OOMCO is however actively pursuing its growth plans to put the Company in a strong and sustainable position to ensure long term profitability.

Company's total revenue was higher by 23% for the first half of 2017 at RO 245.7 million as compared to RO 199.5 million for the same period in 2016. This is mainly due to the deregulation of fuel prices early 2016. Net Profit after tax dropped by 28% to RO 3.63 million from RO 5.02 million. Earnings per share stood at 56 balsa.

Business Development

The Company has put its footprint in the Kingdom of Saudi Arabia ("KSA") by the formation of its KSA subsidiary to commence commercial operation in 2018. The Company is positive and looks forward to the opening of its first service station in the near future.

The Company is strategically focused on the development and optimization of its retail network by introducing premium sites with modern and innovative concepts. This is an initiative to meet the new customer needs and valuing our marketing expertise while maximizing benefits for all kinds of customers.

Health, Security, Safety, Environment and Quality

Health, Safety, Security, Environment and Quality (HSEQ) remains a key focus of the Company : new initiatives have been implemented across all our operations.

The Company continues to promote a culture of safety within the organisation and outside.

Human Resources

The Company has implemented a new strategy in Human Resource's management and people development: this has enhanced the employee satisfaction and confidence. Further, your company's current Omanization is at 86%.

Outlook

The Company continues to be innovative and undertake changes through new investment opportunities thus ensuring it remains ahead of competitors. The Company will continue to focus on operational and service excellence, cost optimization and realign business action plans to cope with the market uncertainties ahead.

The Company will further develop human capabilities from within, ensure the high reliability of its IT system and solidity of HSEQ practices. Strong emphasis will be placed upon cost efficiency and timely delivery without compromising customer care and product quality. Customer service will be enhanced in line with our motto : **“Care Beyond Fuelling”** and the introduction of new and dedicated technologies.

The Board and Management are fully ready for the challenges in 2017 and are confident that the Company will continue to deliver value to all stakeholders.

Acknowledgments

I would like to take this opportunity to thank all our beloved customers, the Government authorities and our dealers, their staff and our own employees for their continuous dedication and support. I would also reiterate our unwavering commitment to the highest level of service at all times.

On behalf of the Board of Directors, the Management and our employees, we would like to express our sincere gratitude and appreciation to His Majesty Sultan Qaboos bin Said and His Government. Under His wise leadership and guidance, Oman continues to be in the forefront path of prosperity, growth and development.

Thanking you,

Mulham Al Jarf
Chairman