

Directors' Report

Dear Shareholders,

On behalf of your Board of Directors', it gives me great pleasure to present the Un-audited results of of Oman Oil Marketing Company SAOG for the 9M17 (January – September 2017).

	Jan-Sep 2017 RO '000	Jan-Sep 2016 RO '000	Variance (%)
Sales	375,838	312,018	20%
Profit after tax	6,775	7,564	(10%)
Earnings per share	0.105	0.117	(10%)
Net Assets per share	1.062	0.985	8%

Financial Performance

The first nine months of 2017 have witnessed a 20% increase in revenue at RO 375.8 million compared to RO 312.0 million for the same period in 2016. This growth was supported by the increase in fuel prices, the opening of new service stations, active marketing campaigns and a successful Khareef season.

The company demonstrated its resilience by managing its cost optimization and implanting Financial discipline across all business segments.

Short term market uncertainties, particularly around the fluctuating global crude oil prices has affected the credit exposure. This has negatively affected the profit after tax by 10% of 9M17 compared to 9M16.

OOMCO is pursuing with its strategic growth plan to put the company in a strong position and enjoy long term profitability.

Business Development

As part of the CSR strategy, Oman Oil Marketing celebrated the first year of Tasweik initiative, focusing on strengthening the branding arms of SMEs in collaboration with Al Raffd Fund. Grants will be utilized on marketing the winning projects very professionally.

The company is preparing its future growth with its footprint in the Kingdom of Saudi Arabia (“KSA”) by signing the agreement to construct the first service station and strengthening its position in the Port of Duqm (“Duqm”). The bunker terminal project in Duqm is well on track and currently OOMCO is the only licensed supplier of bunker fuel in the port.

The company is strategically focused on the development and optimizing of its retail network by introducing premium sites with modern concepts. This is an initiative to meet our customer needs, develop insight and inform about our value proposition “care beyond fueling” as well as opting for the right gateway in maximizing benefits for our customers.

Health, Security, Safety, Environment and Quality

The company celebrated 25 years without LTI. OMCO continues to promote a culture of safety within the organisation and outside with several initiatives, such as training and safety campaigns.

Human Resources

The company has progressed in implementing a complete new strategy in human resources management and development, which has proven to enhance the employee’s satisfaction level and long term relationship.

Outlook

With the trend of oil prices and improved economic outlook, the Company continues to be innovative and undertake changes through new investment opportunities to ensure that it remains resilient and ahead of competitors.

The Company will continue to focus on quality by seeking strategic partnerships while improving our offers in Shop, Food & Services “SFS” and excellence at our service stations by realigning business strategies with new customer needs.

Strong emphasis will be placed upon cost efficiency and delivery without compromising customer service and product quality while meeting the needs of customers via human capability development, high IT systems reliability, and good HSEQ practices. Customer service will continuously be improved with the spirit of our motto of “**Care Beyond Fuelling**”.

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

Acknowledgments

I would like to take this opportunity to thank all our customers, the government authorities, our dealers, their staff and our own dedicated employees for their continued support. I would reiterate our unwavering commitment to the provision of the highest level of service at all times.

On behalf of the Board of Directors, the management and all our employees, we would like to express our sincere gratitude and appreciation to His Majesty Sultan Qaboos bin Said – Allah save him- and His Honorable Government. Under his wise leadership and guidance, Oman continues to be in the forefront path of prosperity, growth and development.

Thank you.

On behalf of the Board of Directors

Board Chairman