

Dear Shareholders,

On behalf of your Board of Directors', it gives me great pleasure to present the Annual Report of Oman Oil Marketing Company SAOG for the financial year ended 31 December 2018.

Health, Safety, Environment and Quality

HSEQ remains a key focus of your Company and have been enforced across all our operations.

OOMCO achieved new safety record of zero Lost Time Injury LTI for around 9 million working man-hours and less than 0.5 as Total Recordable Injury Rate (TRIR). Furthermore, none of OOMCO facility has witnessed any fire or environmental accidents.

After being certified with four international standards of integrated management system ("IMS"); ISO 9001:2015 Quality Management System, ISO14001:2015 Environmental Management System, ISO 27001:2013 Information Security Management System and OHSAS 18001:2007 Occupational Health and Safety Management System, we successfully maintained the compliance with IMS standards and successfully completed the second surveillance audit.

Financial Performance

Following a challenging period, the fundamentals in the fuel market show positive improvement and our ambitious improvement strategy is yielding positive results positioning OOMCO for a brighter future.

Despite a challenging business environment your company remained a leader in the total fuel market in Oman with 22% growth in turnover of RO 625.387M compared to 512.275M RO for the same period in 2017. Net Income for the period was RO 8.088M in 2018 compared with RO 8.869M in 2017. This is attributed to the "first time adoption" of new IFRS 9 which had material impact on the final results.

Your Company is preparing for its future by pursuing its strategic growth by investing in the most competitive projects and be more focused and resilient. Our investments in overseas markets, product innovations, and value added services, have placed your Company in a stronger position to benefit from sustainable long-term profitability. Your company keeps on optimizing its cost and improving its integrated business model. The growth in our sales volume was supported by efficient inventory management, the introduction first of its kind in Oman of commercial mobile tankers, the opening of new service stations, and successful promotion campaigns. The Company's financial position remained healthy with total assets as of 31st December 2018 are RO 143M. Your Company spent a total of RO 9.8M on capital expenditure financed solely by internally generated funds.

The Board of Directors recommends a final dividend of **60** baiza per share for the financial year 31 December 2018, subject to approval by the shareholders at the Annual General Meeting. OOMCO intends to be strategically focused and adaptive towards the market conditions to operate in a competitive cost environment and positioned to execute profitable projects.

Your Company introduced 15 new service stations for the first time in a single year, leading the retail fuel market by increasing its total number of site to 211 service stations, offering a full array of petroleum products. The Retail Business continues to be the growth engine of your Company. Your Company's strategies and focus have been geared towards network expansion by increasing market share, and presence by continuing to expand the retail network.

Your Company's focus on total customer convenience is gaining ground through transforming its service stations into one-stop-shop with a diversity of products and services. International franchises in our service stations, the Company's own Ahlain convenience stores, Car Care Centers, Ahlain Cafés and Café Amazon have all created an impact and raised awareness enhancing total customer experience. Your Company is continuously exploring new and potential business activities to exploit the retail network and its offerings. The focus in the coming years is to further improve, upgrade and enhance the image of the service stations.

The Commercial Business segment witnessed growth in its volumes compared to 2017. The business continued to perform and contribute positively to your Company despite intense competition and challenges posed by adverse economic conditions. Business continued to focus on taking a strategic approach of enhancing delivery efficiency, alliances and offering solutions to customers through technological advancement. Your company is determined to explore further opportunities to scale higher by capitalizing on new development projects especially in newly identified economic zones and innovative technological advancement.

The Aviation business was able to maintain a significant growth compared to last year. Most of our major airline contracts were retained and we managed to secure additional business with Salam Air at the Muscat International Airport and Suhar.

The Lubricants business unit performance was stabilized in 2018. Our own lubricants brand, has made positive progress. The brand is well accepted in the Middle East and the Northern African region: is regarded as a premium product within the same category. Additional promotions and campaigning are in the pipeline to further enhance and promote the own brand in more countries in the African and Asian regions.

The Marine Business unit continues to be focused on widening the customer base in the ports. Your company is advancing the development of a bunkering terminal and ancillary facilities at the Port of Duqm and the project is at tender stage. The terminal will provide heavy fuel oil and marine diesel oil as well as marine lubricants to ships calling at the port

and its surrounding waters. The challenge remains to secure and service the existing customers while acquiring new ones at a reasonable margin.

Human Resources

Human Resources are the main assets of your Company as great companies are built by great people. OOMCO continues to invest in its human capital through continuous training, team building and development of in-house capabilities. This has transformed your Company to be one of the preferred employers in Oman.

Your Company has progressed in implementing a complete new strategy in human resource's management and development, which has proved to enhance employees' engagement and long-term commitment. OOMCO achieved an Omanisation ratio of 83%, without compromise on the quality of service provided to customers. This is a significant achievement considering the fact that the field requires staff with dedicated skills to serve a wide spectrum of customers across the retail network. OOMCO has developed an original program of mentorship internally. The company has created also its own training academy and an innovation laboratory.

Corporate Social Responsibility

As part of the CSR strategy, OOMCO celebrated Tasweik initiative, focusing on strengthening the branding arms of SMEs in collaboration with Al Raffd Fund. Your company also signed an agreement to build enclosed solar powered waiting areas at two bus stops within Muscat. This is derived from the company belief in mobility, and to ensure that everyone on Oman's roads are safe and comfortable. As well your company launched a campaign to promote the culture of giving in the community by donating 10% of Ahlain selected shops to a charity. In addition to that and as part of the company commitment to create initiatives that enhance the capabilities of local talents, OOMCO signed an agreement with Sultan Qaboos University to sponsor three postgraduate students within the college of Economic and Political Science for three years. Also, Road Safety Village is one of OOMCO CSR initiatives in 2018 to raise awareness among children and their families on road safety and the importance of seatbelts. "Solar" is an initiative implemented by OOMCO in 2018 added to the rest of initiatives where portable solar science labs have been handed over to Ministry of Education to educate students across Oman on how sustainable solar energy is, more resilient and also more cost effective to use.

Outlook

The future outlook of the national economy is positive next year according to the International Monetary Fund (IMF) which is expected to reflect on the company performance as well. Moreover, your Company is applying a solid road map that is built on four pillars to lead the company toward sustainable growth. The pillars are "Navigating

near markets”, “Growing non fuel revenues”, “Exploring new investments and “Optimizing our operations efficiently”.

New retail premium sites are to be launched with the ever-popular Ahlain convenience stores and other facilities in strategic locations nationwide.

The commercial team is focused on securing supply to infrastructure projects as announced by the Government and Private Sectors. This will contribute positively as the construction of various infrastructure related projects, upgrading of highways and roads will support demand for our products and services.

Challenges are expected however, in facing these challenges, it is imperative your Company continues to be innovative and undertake changes through new initiatives to ensure that it remains relevant and ahead of competitors. Your Company will continue to focus on operational and service excellence, cost efficiency initiatives and realigning business strategies to cope with the market uncertainties ahead.

Your Company will continue to focus on human capital development, IT systems reliability, and good HSEQ practices. Strong emphasis will be placed upon cost efficiency and delivery without compromising on customer service and product quality. Customer Care will continuously be improved in line with the spirit of our motto “Oman Oil Marketing: You trust. We care.”

Your Company is committed and prepared for future challenges and we are confident that your Company will continue to deliver value to all stakeholders.

Acknowledgments

I would like to take this opportunity to thank all our customers, the Ministry of Oil and Gas, Ministry of Commerce and Industry, ORPIC, Muscat Municipality, Ministry of Regional Municipalities and Water, ROP and other Government authorities have had dealings with and 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 and His Government. Under his wise leadership and guidance, Oman continues to be in the forefront path of prosperity, growth and development.

Thank you.

Chairman

