

Directors' Report

Dear Shareholders,

On behalf of your Board of Directors', it gives me great pleasure to present the Un-audited results of Oman Oil Marketing Company SAOG for the period ended 31 June 2018.

	OMR '000 YTD June 2018	OMR '000 YTD June 2017	Variance (%)
Sales	301,180	245,719	23%
Profit after tax	3,989	3,633	10%
Earnings per share	62	56	11%
Net Assets per share	1.096	1.013	8%

Financial Performance

The first half of 2018 has been very positive with sales growth of 23% compared to same period last year. The total sales value is reported at OMR 301.18 million, with an increase of OMR 55.5 million against the sales of OMR 245.719 million as of June 2017.

The cost optimization initiatives along with growth centric mindset has resulted in an increase of 10% in Net profit and 11% growth in earnings per share. This was achieved by the increase in quality sale, opening of new service stations and active marketing campaigns. Company profit has been much impacted following the move to the new terminal in Jifnain and changes in the Marketers' margin.

Business Development

As a customer centric company and one walking the extra mile to fulfil the customer wants, Oman Oil Marketing Company celebrated the opening of its 200th service station in Al Rusail on Muscat Expressway. Bringing convenience and award-winning services to its customers, the addition of the new facility comes as part of the company's quality growth expansion strategy. As the only fuel marketer company existing on the Muscat Expressway, this specific location will aim to serve the growing number of motorists using this road.

OOMCO signed a five-year contract with Muscat Municipality to supply fuel for its fleet of vehicles using the company's E-Fill and Ejaba service. Our company services are efficient, secure and most importantly reliable, and will provide fleets with a seamless fueling experience. The e-Fill and Ejaba apply the latest technologies in fuel management and have a proven track-record in helping customers optimize

costs, risks and enhance fleet operations. Oman Oil Marketing aims to continuously surpass the expectations of our loyal consumers by providing latest products and services.

We have successfully retained the fuel supply contract of Oman Air with a major volume share of 40% for another two years starting April 2018. We are proud pursuing our partnership with Oman Air the national carrier of Sultanate of Oman while supporting the Sultanate in reaching its goals in tourism sector.

Oman Oil Marketing announced the appointment of WorleyParsons Engineering Oman LLC as the project management consultants for the Duqm Bunker Terminal Project. To be commissioned in early 2021, the terminal is expected to be a major driver in development goals for the Port of Duqm. The project will continue to enhance the Port's premium service standards, improve cost effectiveness, and also create efficient fuel supply and delivery to all customers within Duqm. This in turn will support the growth of the regional economy as part of the company's commitment to establishing long term In-Country Value.

As part of the annual celebration held to advance, strengthen, and promote customer services, OOMCO kicks off its 'Customer Care Week' within the Sultanate from the 22nd – 26th of April 2018. The company senior management visited Bousher service station in Muscat to distribute gifts and meet and reward customers for their loyalty over the years. The celebration also observed through a number of other service stations throughout Oman including the Governorate of Al Batinah, Ad-Dakhiliyah, A'Sharqiyah and Salalah.

Our customers are at the heart of our organization. We care about the quality of their experiences. Delivering superior customer service is a foundational part of any business. We strive to continuously enhance our customers experience by delivering timeliness, professional and friendly service, which believed to be the driving force behind making Oman Oil Company the people's preferred choice.

Health, Security, Safety, Environment and Quality

Your company continues to promote a culture of safety within the organization and outside with several initiatives, such as training and safety campaigns. The company launched HSEQ week to spread the culture of Safety at the company. A lot of activities conducted during the whole week like safety Quizzes, blood donation campaign and walkathon at Qurum Park. We are targeting sustainability along all our initiatives.

Derived from our belief in the important role we play in supporting the country's long-term plans for the wider implementation of renewable energy and environmental preservation, Oman Oil Marketing Company has celebrated the official inauguration of the first-ever solar powered service station linked directly to the electricity distribution network in Burj Al Sahwa. In agreement with the Authority for Electricity Regulation, the power generated from the service station's solar panels can be powered back into the grid in exchange for an agreed tariff. In collaboration with Nafath Renewable Energy, one of Oman's leading small and medium enterprises (SMEs), solar panels were installed on the rooftop of the station's canopies

producing 40 KWp of electricity per hour. The changes within the environment play an integral part of Oman Oil Marketing Company's strategy. Through our implantation of the use of solar power that is connected to the overall electrical network, we are confident that the changes we make now will have a significant environmental, social, and economic impact on the future.

Human Resources

Your company has progressed in implementing a complete new strategy in human resources management and development, which has proven to enhance our employee satisfaction level and long term relationship. Our newly created "OOMCO Training Academy" offered several employees its first course and a new training plan has been designed after analyzing the needs of our employees. We also started online training programs whenever deemed efficient for our colleagues, alongside a mentorship program where general managers can guide mentees on a month-by-month basis.

Corporate Social Responsibility

As part of its commitment to support the social development within the Sultanate, Oman Oil Marketing Company concludes the fourth edition of its At'a campaign. Under the theme 'Together We Give More', the campaign which was held from the 15th to the 25th of Ramadan and will donate 10% of all sales from selected Ahlain stores. As strong believer in the power of corporate social responsibility to make a difference in peoples' lives, the At'a campaign has spearheaded the company's commitment to humanitarian causes in recent years.

Enhancing the capabilities of local talents are one of the company targets through CSR initiatives. Oman Oil Marketing Company has signed an agreement with Sultan Qaboos University to sponsor three postgraduate students within the college of Economic and Political Science.

In collaboration with Al Raffd Fund, we continue to support Oman's entrepreneurial community with the company's Tasweik Initiative. For the third consecutive year, Tasweik will offer 10 applicants a chance to win OMR 8,000 each to support their marketing and brand development, helping take their businesses to the next level. Tasweik 2018 was launched at a special ceremony held under the patronage of H.E. Hamad bin Khamis Al Amri, Undersecretary for Labour Affairs at the Ministry of Manpower. The ceremony also included the announcement of the 2017 winners.

Outlook

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

Oman Oil Marketing SAOG will continue to focus on quality by seeking strategic partnerships and improving our offer in Shop, Food & Services (SFS) and excellence at our service stations by realigning business strategies with new customer needs and wants.

Strong emphasis will be placed upon cost efficiency and delivery without compromising customer service and product quality. We are meeting the needs of customers via the development of human capability, high reliability of our IT systems, and solid HSEQ practices. Customer service will continuously be improved along our new motto “Oman Oil Marketing: You trust. We care.” which perfectly translates our dedication towards our customers.

The Board and the Management are fully dedicated and committed for the challenges in 2018 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