OMAN CABLES INDUSTRY (SAOG)

Report of the Board of Directors

To our valued shareholders

It gives me great pleasure to welcome you all on behalf of my colleagues and the Board of Directors of Oman Cables Industry SAOG (the Company) to its 30th Annual General Meeting (AGM). The performance of the Company and its subsidiaries (the Group) is below.

Board of Directors

The following are the Board of Directors of the Company:

1. Mr. Fabio Ignazio Romeo
2. Mr. Mohamed Mustafa Al Lawati
3. Mrs. Lara Caroline Mahmoud-Hansen
4. Mr. Naji Salim Al Riyami
5. Mr. Christian Raskin
6. Mr. Michele Binda
7. Mr. Fabrizio Rutchmann

The Board and its committees, conducted various meetings and directed the company operations.

Operational Review

After a lackluster 2017, year 2018 started with steady increase in Oil prices, which dropped from OCT onwards. The price of copper which increased initially tapered down from mid-year. This halted the revival of GCC economies slowing down.

This has affected Cable market in the region and increased the pressure on sales price and margins.

Your company responded to the market situation with vigorous efforts to protect the market share in terms of volume, defend the margins with increased focus on control of costs. Combination of these efforts resulted in the increase in Net profit for the year.

During the year, with mutual cooperation between Oman Cables Industry and Prysmian, resulted in increased sales opportunity and operational cost control at OCI.

Sales

We are pleased to report the 2018 sales revenues of RO 194.0 million for the Company as compared to RO 199.5 million in 2017. The sales of the Group were RO 247.0 million compared to RO 242.6 million in 2017.

The effect of the oil price levels is having an impact on the business sectors and the pressure on the sales value was felt in all markets and across the different segments. The Company is experiencing delay in payments from customers.

Profitability

The Operating Profit of the Company for the year 2018 was RO 10.9 million as compared to RO 10.4 million in 2017, an increase of 5%. The increase in profitability is attributable to vigorous cost control measures.

The net profit of the Group was RO 9.2 million compared to RO 6.9 million in 2017 an increase of 34%. The increase in group profitability is due to the company's Subsidiary, OAPIL recovering from loss reported in 2017 due to Force Majeure declared by its main supplier of input metal.

Subsidiary: Oman Aluminum Processing Industries LLC, Oman

Oman Cables Industry's subsidiary company, Oman Aluminum Processing Industries LLC (OAPIL) in Sohar, is a joint venture between the Company with 51% share and Takamul Investment Company of Oman Oil with 49% share.

The Company is now directly involved in the operations and management of OAPIL and is focusing on improving production efficiency and reducing cost.

For the year 2018, OAPIL has reported lower loss compared 2017. OAPIL results are consolidated with Oman Cables, the parent company, and are reported as Group results.

Subsidiary: Associated Cables Private Limited, India (ACPL) (100% subsidiary)

The operations of ACPL, are under control. The Company is exploring the possibility of growing ACPL operations.

Human Resources

Human Resources plays an important strategic role in the continuous development of the Company and employees are our business partners in this success.

As a response to changing market dynamics, the Group is continuously assessing its employee strength, performance and quality. Prysmian has given valuable input in this area by deputing highly experienced officials to the Parent Company. Three young Omanis have been selected for

Prysmian Graduate Trainee Programme, which involves international education and work experience across Prysmian Plants.

Health Safety & Environment

The Group is continuously striving to improve the Safety Awareness among it shop floor employees. Various actions are initiated so that all employees have been introduced to the Safety Awareness Program. The lost time injury frequency rate (LTI) is being actively monitored. The focus is on to have a safe working place with proper safety and health regulations.

Corporate Governance

The company has been following the high standards in the Corporate Governance since its inception. The Board has constituted three committees i.e. Audit Committee, Strategic Management Committee and the Nomination and Remuneration Committee.

The company has internal systems and manuals to assist the management in the day-to-day operations. These systems and manuals are reviewed and updated and are in line with statutory requirements while meeting the organizations goals that gives transparency to all transactions. These systems and manuals are in-line with Capital Market Authority regulations as a public listed company on the Muscat Securities Market.

Oman Cables shares the information with all stakeholders and public in general through regular publication of its quarterly and annual results in printed media, on the MSM website and on the company's website.

Company has aligned its Corporate Governance with the latest Guidelines issued by Capital Market Authority of Oman and has conducted a Board Evaluation as required through an independent third party evaluator appointed by the shareholders in AGM held on 26 March 2017. In the same meeting the shareholders have approved to appoint Protifity co. to evaluate the board and present a report to the shareholders in the AGM meeting of 2020.

Corporate Social Responsibility

The Company believes that giving back to the community is extremely important. The company has grown manifolds, so has our commitment to the society.

The Company has implemented new initiative aimed towards young Omanis who are being trained at our plant and Prysmian plants worldwide.

Future Outlook

The countries in which the company's products are being marketed, have been facing a slowdown in their respective economies, mainly due to lower oil prices. The Company is gearing up to face

the challenge in various ways. While maintaining the focus on existing markets the company is fine tuning its operations to continue to deliver exceptional value to its stakeholders.

The management continuous to focus on the dynamic and competitive market for cables. The continued emphasis on operational excellence is an important factor to the continuous success of the company. The Company has a strong management and a strong operational performance and will continue to strive on a strategy framework that focuses on the creation of long term value to all the stakeholders while ensuring sustainability in the operations.

Dividend:

The Board of Directors, during the board meeting held on 23 January 2019, reviewed the Company's annual accounts. Considering the guidelines issued by the Capital Market Authority, the liquidity requirements for the operational needs and the uninterrupted record of declaration of dividend, the Board members propose distributing a cash dividend to the Oman Cables Industry shareholders.

Taking into account the financial performance for the Board recommends to distribute dividend on paid-up capital, i.e. RO 0.045 baiza for each share with face value of RO 0.100 baiza, to the shareholders registered as on the date of Annual General Meeting.

Directors Remuneration

The Board of Directors recommends to the shareholders at the Annual General Meeting to approve the total Director's remuneration of RO 200,000 (including meeting attendance fees) to be paid to the Board of Directors, in recognition and appreciation of their efforts towards their responsibilities and for their continuous inputs, guidance and support to the management.

It may be noted that three board members one is representing Prysmian have waived off their portion of remuneration for 2017, in response to drop in 2017 results.

Conclusion:

We acknowledge with thanks to our local and global customers, business associates, the finance community, local communities and all other stakeholders for their continued support to Oman Cables Industry SAOG.

Our special thanks go to all our employees and to the management for their consistent hard work and wholehearted commitment in delivering the objectives and in taking the company to greater heights. The Company has trustworthy employees who are the reason for our success and it emphasizes the importance of all our people in the company.

The Company acknowledges the great support extended by the Government of His Majesty Sultan Qaboos Bin Said, the Authorities in the Ministry of Commerce & Industry as well as all other Ministries and Government departments.

We wish the best for our beloved Oman to develop even more under the wise leadership of His Majesty Sultan Qaboos Bin Said by granting His Majesty with good health and longevity.

Mr. Fabio Romeo
Chairman
Oman Cables Industry (SAOG)

Date: 23 January 2019