

Introduction

Having crossed our ten year mark, by the grace of god 2015 was an important time for us to reflect on our success and pave our way forward. With renewed enthusiasm, we will continue to grow and evolve to achieve yet another decade of excellence underpinned by an unwavering dedication to better serve this nation.

Looking towards a promising future, we are committed to reinforcing and contributing to Oman's economic and social advancement as we keep innovating, enriching and advancing all sectors of the industry. As always, we will align our ambitions with the country's developments, driving the progress of both Oman and omanoil in the years ahead.

1. Health, Safety, Security and Environment (HSSE)

As the nation's fuel and lubricants provider of choice, omanoil cares greatly for the people and the environment which appreciated by governmental authorities and NGOs. This year also marked a record 22 years of safe operations without lost time injury at omanoil's Joint Venture Mina Al Fahal Distribution Terminal with Al Maha Petroleum. OOMCO also achieved new safe record as it didn't record any fire at its filling stations and retail network which pays testament to the company's safety measures that are not only vigilantly implemented but improved upon year-on-year. Promoting a culture of safety within the organization, omanoil adopted the theme of 'Safety is Everyone's Business' to further instill its HSE concept amongst employees. Renowned for sustaining a zero harm work environment, the company leads by example in the country's oil and gas industry.

Our HSE philosophy is adopted across our operations and is a combination of culture and practice. We strategically implement policies as well as audit our management system and develop performance review systems to identify areas for greater improvement. This leads to make OOMCO the only company in Oman certified with new version of Integrated Management System and certified for four standards; ISO9001:2015 (Quality Management System), (ISO14001:2015 Environmental Management System) & OHAS18001:2007 (Occupational Health & Safety Management System) and ISO27001:2013 (Information Security Management System). We also focus on raising awareness on the importance of road safety with our Defensive Driving training program that educates employees on IVMS and the Safe Journey Management System.

Going beyond our walls to reach our customers, we promoted safety culture through Safety Awareness campaigns conducted through OOMCO social media accounts. These campaigns enabled us to communicate directly with our customers on safety habits that should be practiced while refueling.

We are proud of our HSSE achievements and thank our senior management, employees, contractors and customers for their unwavering support. With high ambitions, we plan to continue fostering a safe and secure working environment by thoroughly assessing our performance and developing innovative methods for improvement.

2. People

The omanoil brand, reputation and success are built on a foundation of personal and professional integrity.

With a dedicated workforce comprising of 281 highly qualified men and women, we reached an impressive Omanization rate of 87% in 2015. In order to continue raising our performance, we dedicate our efforts on developing the capacities of our human capital across our business by providing them with opportunities to further enhance their knowledge on specialized and specific competencies in addition to a wide range of applied, scientific and creative skills.

Committed to encouraging both mental and physical wellbeing amongst our employees, we launched our third annual internal health campaign entitled 'I Promise'. Running throughout the month of Ramadhan, the program included fitness screens and body condition assessments to determine the most suitable exercise regimen for each employee. Personal development is as important as professional growth and this program aimed to guide employees on how to become better versions of themselves.

As a young and energetic Omani organization that prides itself on being a pioneer in the Sultanate's energy sector and partner in the development of its infrastructure, omanoil continuously seeks to bolster its existing workforce. A key factor of its long-term corporate objectives, the company recruits the right Omani talents on the right job at the right time to become the preferred employer of choice within the sales & distribution sector.

3. Retail

The Retail unit, one of the core businesses of the company, exhibited vigorous growth in 2015. Throughout the year, omanoil's Retail network introduced 8 new filling stations, increasing the number to a total of 174. We also improved and optimized the network's existing stations, reconstructing three stations with greater potential to contribute higher volume in the years ahead. In addition, we enriched our customer service at our forecourts

by conducting training programs for the fillers. This boosted the team's competency, resulting in enhanced performance.

The Retail Department directly operates 64 filling stations that account for 39% of the current network, and the excellent operational management of these filling stations has resulted in outstanding customer care standards.

The Non Fuel Retail (NFR) is another important segment of the Retail business, with Ahlain convenience stores as the main contributor. In 2015, our total networks of convenience stores are 103 stores. In 2016, we intend to continue to grow NFR business and to add more Ahlain, and aggressively build more Car care facilities and increase quick service restaurants (QSR).

Based on our expertise in the Retail business, location is a key factor for success. Therefore despite regulation challenges, we secured a number of strategic sites across the country. Enhancing our services throughout the network, we added 8 new Ahlain shops. Omanoil's philosophy of total convenience and one-stop-shopping is represented by forecourts that feature onsite Ooredoo and Omantel facilities, ATMs and quick service restaurants including Burger King Spud, Shake U Like, Subway, Baskin Robins, ChicKing, among many others.

4. Fuel Cards

Fuel Cards is another segment of our Retail Business we take great pride in, which managed to maintain its market leadership in 2015. The Fuel Cards business contribution to Retail sales is one of the highest in the industry.

Basma card's commendable growth is a major contributor to our bottom line in the Retail and Fuel Cards business, and has become one of the country's leading loyalty programs in Fuel Retailing Industry.

Our skilled and efficient Fuel Cards Operation Team improved our card-processing system, while the Department delivered remarkable achievements in 2015 including:

- Sustaining the incremental growth of Fuel Cards sales with remarkable customer service
- Accepting bank cards including Visa and MasterCard in the majority of omanoil outlets which is the widest acceptance across the country
- Implementing the Retail Automation System which will enhance the services provided to the customers.

5. Commercial

Commercial Fuel business delivered a strong growth in 2015 . Business continued to focus in taking a strategic approach of enhancing delivery efficiency, alliances and offering solutions to customers through technological advancement. Other key factors enabling the growth were winning new business and retention of existing customers across all sectors at better margins. These key initiatives resulted in increased market share. in key sectors due to the Government unveiling major projects. One such project was the investment in the Port of Duqm, where we have established a foothold having signed a land lease and bunkering license agreement with Port of Duqm Company. Serving this landmark project with complete and customized fuel package solutions, we are currently developing a bunkering terminal at the port and providing refueling services for ships. We are proud to be part of this project that will enhance Oman's competitiveness and realize a sustainable and future-ready nation.

6. Aviation

During the year 2015 we have been able to maintain the healthy growth seen in the past year into the year. Most of the major airline contracts were retained during the year. A major expansion of the national airline Oman Air saw our annual volume increase by 47% compared to the previous year.

With more than 20 regular aviation clients, we refuel over 21,000 aircrafts per year, meeting customer requirements and complying with the highest HSSE standards.

Air BP continues to be our technical and commercial partner. This ensures that we uphold high international standards and capitalize on their vast market access in the aviation fuel sales.

7. Lubricants

Lubricants enjoyed a good year with mixed impact on the business as base oil prices showed a downward trend towards the later part of the year.

omanoil Lubricants

For second subsequent year after launching Omanoil lubricants brand in Oman, the product continued to receive wide acceptance with increased customer base, across the country. Moreover omanoil lubricants was qualified and awarded a number of major government tenders. The sales volume saw an increase and the product was well positioned and recognized in the market. In addition the omanoil lubricants products continued to grow in several overseas markets. It is anticipated that omanoil brand will continue acquiring more market share in the coming year in Oman and overseas with more focus on stronger marketing activities.

BP and Castrol

In spite of stiff competition in market, business had a steady growth in High Street segment by maintaining the premium position .Business showed a considerable increase in the market share of premium products due to increased awareness by up scaling the marketing activities. In B2B segment more focus were given to the value proposition and strategic alliance with our clients .Despite series of price cut by competitors, business successfully managed to retain the existing customer base.

Under the flag ship of Castrol redefining the lubricant category with bold innovations , first time in the region, we successfully completed the Hydraulic trial for fuel efficiency. Castrol Auto service outlets increase to 15 outlets across Oman resulting in higher synthetic volumes.

8. Customer Care

In 2015 Keeping our promise of caring beyond fueling and part of the Global Customer Care Week , our Executive Management team lead by the CEO visited few prime stations and took up the role of fuel attendant in solidarity with employees.

They also interacted with customers to gain insight into how we could be of better service to them.

Also as part of marketing the Toll free number is registered in Omantel and customers can get information from the telephone directory no 1318 , also Call Centre Number is printed on our customer monthly invoices as well as all the company communication materials such as company stationery , fillers uniformsetc

One of the major milestones in 2015 was the launch of the Employee Etiquettes and protocol handbook training; selected staff from each department was trained on the Etiquettes and protocol by a professional instructor from a professional institute and become ambassadors of their respective departments

9. Operations

Operations plays a vital role at omanoil overall success. The Mina Al Fahal Terminal that is jointly owned by Al Maha Petroleum and managed by Oman Oil Marketing Company marked yet another successful year, and all efforts are being made to maintain its world class performance. Operating seven days a week and 24 hours a day substantially enhanced the operating performance of our daily throughput of about 12,000M³ / day.

The JV Terminal loading expansion has been seen as a successful milestone by achieving both JV stake holders' business requirements with regards to their growth in terms of

additional volumes. This resulted in an increase in the number of loads per day and a significantly reduced tanker turnaround time which will cater to the increase in demand from both Al Maha Petroleum and Oman Oil Marketing Company. There were other ongoing maintenance activities and projects which were executed by the team in order to ensure that the Terminal's assets meet the integrity requirements and are safe to operate.

As a member of MAG (Mutual Aid Group), a group that includes all companies operating in Mina Al Fahal, the JV Terminal will continue to focus on HSSE and its obligation to fulfill the objectives set by the committee to address and close out all issues raised within the framework.

Completion of 23 years of safe operations without Loss Time Injuries has been made possible mainly due to the diligent, safe and cautious working behavior of all the staff and contractors to the numerous safety measures exercised in operations. It has been a mighty challenge and to achieve this we had to remain focused and not become complacent

An ISO 9001- 2008 Recertification auditing 2015 by external auditor was successfully completed with no major non-conformance. This would not have been achieved without the guidance of our well trained, internal auditors and the commitment of all JV Terminal staff.

10. Business Development

Following the bunkering license and land lease agreement signed with Port of Duqm Company (PDC); Oman Oil Marketing Company plans to develop a bunkering terminal and ancillary facilities at the Port of Duqm, which will provide heavy fuel oil and marine diesel oil as well as marine lubricants to ships calling at the port and its surrounding waters. Development work is on track and the terminal concept design and front end engineering design were completed in late 2014. Given however the reality of the global economic slowdown; lower international oil prices with a concomitant effect on business growth and the slower than anticipated shipping business development at the Port of Duqm; the decision was taken to carefully align the project timeline with the port development and anticipated refinery development timelines, to ensure that the expected bunker market development closely matches project development. Bunker activities are continuing at Duqm, utilizing road truck deliveries in the interim, until such a time that the terminal is fully operational.

We are proud to have partnered with Port of Duqm Company to help develop our marine business at what is envisaged to be a future strategic bunker hub.

11. Information Technology (IT)

In 2015, we enhanced our IT infrastructure with a number of Human Resources applications now being implemented including Human Resource Application, Self Service as well as Absence Management and Payroll. We also successfully completed the Filling Station Automation (FSA) pilot project. Now in its evaluation stage, we envision the project to completely change the dynamics of Retail business once implemented. In addition to these few other IT initiatives went live during the year like Online Ordering, Jobs Portal & Online Vendor Management.

On the other side we are planning to develop new applications in 2015 for the purpose of making OOMCO services more toward electronic services.

12. Social Responsibility

omanoil is an agent of change for the socio-economic development of the country. We aim to be a visionary corporate citizen and adopt values that are in line with the aspirations of our shareholders and Board of Directors towards achieving our Corporate Social Responsibility goals by pioneering various social initiatives throughout the Sultanate.

As always, we paid great attention to the environment and encouraged our employees to be the change we want to see happen. Recycling bins were placed throughout our offices for employees to dispose of paper waste in an eco-friendly manner. In addition, omanoil conducted road safety campaign "Rehla" during khareef in Salalah for the sake of increasing level of awareness among drivers.

As part of our contribution to the country's social and economic development, omanoil organized volunteer initiatives such as the blood donation drive that was designed to give back to the community. Further extending our support to enhance people's quality of life, we contributed to non-profit organizations including Omani Bahjah Orphan Society. We are proud of our staff who embody our philosophy of social integration with commitment and dedication.

As part of the integrative role with the government's efforts to support social security families and in collaboration with Ministry of Social development, omanoil invest an amount of OMR 114,500 on four social programs. The programs tackled different social security family's needs such as affording twenty families with the required electrical goods and appliances and supporting social security family students who face financial stress to complete undergraduate degree. The total invested amount in 2015 on different corporate social responsibility programs was OMR 167,589.

Moreover, omanoil awarded majority of the contracts to local SME's, reaching a financial value of these businesses to 11 Million Omani Rial to augment community welfare and contribute to the development of Oman's national economy.

13. Outlook

The future outlook of 2016 is positive, though there are number of challenges that may face the national economy resulted from the fluctuation of oil prices.

As the backbone of the company's operations, Retail will continue to propel omanoil's growth. Our strategy is to increase our presence throughout the Sultanate with strategically-located sites to serve the rising population and subsequent energy consumption.

Despite favorable prospects, omanoil expects challenges resulted from the recent fuel price increase however with proper planning the company is expected to overcome the expected challenges in the long run. In anticipation of the challenges ahead, the company will remain focused on expanding its network, improving the quality of its products and services, optimizing costs and developing its human capital even further. omanoil will also continue to play its part in contributing to the development of the oil and gas industry.

Our focus in 2016 will be to strengthen our market position whilst maintaining operational excellence and adding value to all our stakeholders by keeping our promise to "Care beyond Fueling".

This concludes my review of the company's operational performance for the year 2014.



Engr. Omar Ahmad Salim Qatan
Chief Executive Officer