

OMAN OIL MARKETING COMPANY SAOG



Notes to the unaudited financial statements

(Forming part of the financial statements)

1) Property, Plant and Equipment

	Land and buildings	Plant equipment and vehicles	Assets under construction	Total
Cost				
At 1 January 2015	17,780,737	36,282,570	7,328,756	61,392,063
Additions	-	-	1,859,944	1,859,944
Transfers	-	48,250	(48,250)	-
Disposals	-	-	-	-
As at 31 March 2015	17,780,737	36,330,820	9,140,450	63,252,007
At 1 January 2016	20,613,145	39,556,199	5,384,971	65,554,315
Additions	-	-	3,458,501	3,458,501
Transfers	-	(4,330)	4,330	-
Disposals	(7,257)	(111,455)	-	(118,712)
Derecognition of Site Restoration	-	-	-	-
As at 31 March 2016	20,605,888	39,440,414	8,847,802	68,894,104
Depreciation				
At 1 January 2015	4,107,290	21,998,608	-	26,105,898
Charge for the period	193,555	795,452	-	989,007
Disposals	-	-	-	-
As at 31 March 2015	4,300,845	22,794,060	-	27,094,905
At 1 January 2016	4,989,986	24,725,289	-	29,715,275
Charge for the period	301,174	834,820	-	1,135,994
Disposals	(4,301)	(97,040)	-	(101,341)
Derecognition of Site Restoration	-	-	-	-
As at 31 March 2016	5,286,859	25,463,069	-	30,749,928
Carrying amount				
As at 31 March 2015	13,479,892	13,536,760	9,140,450	36,157,102
As at 31 March 2016	15,319,029	13,977,345	8,847,802	38,144,176

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2) Investment in Joint Venture

Investment in Joint Venture represents the Company's participation in 50% of the equity interest of Omanoil Matrix Marine Services LLC ("the Joint Venture"), a Company incorporated in Oman on 28 April 2010. The other shareholder of the Joint Venture is Matrix Marine Holding GmbH, a company incorporated in Germany. The objective of the Joint Venture is to sell oil and their by products and supply fuel at the Port of Sohar.

Summarised financial information of the Joint Venture at the end of the reporting period is as follows:

	31-Mar-16 RO	31-Mar-15 RO
Net assets	(425,328)	862,249
Company's share in Net assets of the Joint Venture	(212,664)	431,125
Less: Transferred to Other Payable **	212,664	-
Net carrying value of Investment.	-	431,125
	-	431,125
(Loss)/Profit from Joint venture for the period	(492,000)	(132,843)
Company's share of (Loss)/Profit from the Joint Venture	(246,000)	(66,421)

** The Share of loss in excess of the investment has been transferred to Other Liabilities.

3) Investment in Associate

Muscat Gas SAOG

This represents a 9.18% non controlling interest in Muscat Gases Company SAOG ("MG"), an Omani Joint Stock Company incorporated in the Sultanate of Oman on 13 November 1989 under a trade license issued by the Ministry of Commerce & Industry which is engaged in manufacturing and selling of various types of industrial and cooking gases.

A representative from OOMCO management has been appointed to the Board of MG with effect from 9th Feb 2013, which deemed to have given the power to participate in the financial and operating policy decisions of MG. Further, the Company intends to hold this investment for an indefinite period of time. The above qualifies MG investment to be an Associate.

Summarised financial information of the Investment in Associate at the end of the reporting period is as follows:

	31-Mar-16 RO	31-Mar-15 RO
Total assets	10,977,861	9,385,008
Total liabilities	(1,886,493)	(3,041,601)
Net assets	9,091,368	6,343,407
Company's share in Net assets of the Associate	834,315	582,134
Company's Cost of Investment	2,463,773	2,449,038
Share of profit from Associate	25,621	31,293
Dividend Received	-	-
Carrying value of Investment in Associate	2,489,394	2,480,331
Income	2,383,226	2,459,907
Expense	(2,104,136)	(2,119,022)
Profit of Associate for the period	279,091	340,885
Company's share in profit of the Associate	25,621	31,293

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3) Investment in Associate -Continue

Lubchem International Industry LLC

This represents a 40% non controlling interest in Lubchem International Industry LLC "LII". The Company is incorporated in the Emirate of Ras Al Khaima - UAE on 19th November 2009 under a trade license issued by RAK Investment Authority (RAKIA) – Government of Ras-Al-Khaimah, which is engaged in lubricant and grease manufacturing and chemical blending.

Two representative from OOMCO management have been appointed to the Board of "LII", which deemed to have given the power to participate in the financial and operating policy decisions of "LII". Further, the Company intends to hold this investment for an indefinite period of time and above qualifies "LII" investment to be recognised as an Associate.

	31-Mar-16	31-Mar-15
	RO	RO
Company's Cost of Investment	615,720	400,298
Share of loss from Associate	(2,130)	-
Carrying value of Investment in Associate	<u>613,590</u>	<u>400,298</u>
Loss from the Associate	(5,327)	-
Company's share in loss of the Associate	<u>(2,130)</u>	<u>-</u>

4) Inventories

	31-Mar-16	31-Mar-15
	RO	RO
Oil and lubricants	5,448,176	6,376,502
Stores and spares	7,498	7,498
Less: allowance for slow moving and obsolete inventory	(136,000)	(15,000)
	<u>5,319,674</u>	<u>6,369,000</u>

5) Trade and other receivables

	31-Mar-16	31-Mar-15
Trade receivables	35,140,681	34,449,858
Less: allowance for impaired debts	(904,658)	(911,803)
	<u>34,236,023</u>	<u>33,538,055</u>
Amounts due from related parties (Note-16)	3,269,521	2,333,040
Other receivables	1,648,934	411,757
Prepaid expenses	1,942,133	2,315,151
	<u>41,096,611</u>	<u>38,598,003</u>

6) Cash and cash equivalents

	31-Mar-16	31-Mar-15
	RO	RO
Cash in hand	77,550	70,787
Cash at bank	37,901,188	35,888,726
	<u>37,978,738</u>	<u>35,959,513</u>
Less: Deposits classified under non current assets	(7,000,000)	-
Net cash and cash equivalents for the statement of cash flow	<u>30,978,738</u>	<u>35,959,513</u>

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Notes to the unaudited financial statements

(Forming part of the financial statements)



7) Share capital

	Number of shares	
	31-Mar-16	31-Mar-15
3,225,000 Multi-vote shares of RO 0.1 each	3,225,000	3,225,000
61,275,000 Ordinary shares of RO 0.1 each	61,275,000	61,275,000
	<u>64,500,000</u>	<u>64,500,000</u>

Share of the company who own 10% or more of the company's shares, whether in their name or through a nominee account, are as follows;

Oman Oil Company SAOC – Multi-vote shares	3,225,000	3,225,000
– Ordinary shares	28,380,000	28,380,000
Civil Services Pension Fund – Ordinary shares	8,352,027	8,352,027
	<u>39,957,027</u>	<u>39,957,027</u>

8) Legal reserve

As required by the Commercial Companies Law of the Sultanate of Oman, 10% of the profit of each year is transferred to a legal reserve until the reserve reaches a minimum one-third of the issued share capital. The Company has resolved to discontinue any further transfers to this reserve, as the reserve equals one-third of the issued share capital. This reserve is not available for distribution.

9) Employees' end of service benefits

Movement in the liability is as follows:	31-Mar-16	31-Mar-15
	RO	RO
Balance at 1 January	260,379	303,925
End of service benefits paid	(36,407)	-
Balance as at 31 March	<u>223,972</u>	<u>303,925</u>

10) Provision for site restoration and abandonment cost

	RO	RO
Balance at 1 January	-	581,007
Unwind of discount (included in finance costs)	-	3,735
Balance as at 31 March	<u>-</u>	<u>584,742</u>

OMAN OIL MARKETING COMPANY SAOG**Notes to the unaudited financial statements***(Forming part of the financial statements)***11) Trade and other payables**

	31-Mar-16	31-Mar-15
	RO	RO
Trade payables	2,443,116	4,208,496
Due to related parties (Note-16)	28,528,277	26,151,630
Accrued expenses & others	7,657,190	15,438,101
Directors' remuneration provision	44,100	44,102
	<u>38,672,683</u>	<u>45,842,329</u>

12) Bank borrowings

	31-Mar-16	31-Mar-15
	RO	RO
Short Term loan	20,000,000	20,000,000
Term loan	8,099,362	2,526,685
	<u>28,099,362</u>	<u>22,526,684</u>
Current portion		
Short Term loan	20,000,000	20,000,000
Term loan	2,801,759	1,321,714
	<u>22,801,759</u>	<u>21,321,714</u>
Non-current portion		
Term loan	5,297,603	1,204,971
	<u>5,297,603</u>	<u>1,204,971</u>

Long term Loans -

The long term loan is unsecured and carries interest at commercial rates.

13) Income tax

	31-Mar-16	31-Mar-15
	RO	RO
Current liability:		
Current period	374,031	371,995
Prior years	62,896	71,332
	<u>436,927</u>	<u>443,327</u>
Comprehensive Income Statement		
Current period	374,031	371,995
Reversal of excess tax provision relating to earlier years	-	-
Deferred tax relating to origination and reversal of temporary	-	-
	<u>374,031</u>	<u>371,995</u>
Deferred tax asset:		
At 1 January	213,911	213,911
Movement for the period	-	-
At end of the period	<u>213,911</u>	<u>213,911</u>
The deferred tax asset comprises the following differences		
Provision and other charges	235,301	235,301
Property and other equipment	(21,390)	(21,390)
	<u>213,911</u>	<u>213,911</u>

The Company is subject to income tax in accordance with the income tax law of the Sultanate of Oman at the enacted tax rate of 12% of taxable income in excess of RO 30,000. For the purpose of determining the tax expense for the year, the accounting profit has been adjusted for tax purposes.

14) Environmental provision

	31-Mar-16	31-Mar-15
	RO	RO
Movement in the provision is as follows:		
Balance at 1 January	626,765	626,765
Utilized	(307,920)	-
Balance as at 31 March	<u>318,845</u>	<u>626,765</u>

The Company provides for environmental remediation costs based on environmental contamination assessments made on its delivery and storage sites

15) Net finance income

	31-Mar-16	31-Mar-15
	RO	RO
Interest expenses	(64,381)	(26,478)
Interest income	174,245	51,880
	<u>109,864</u>	<u>25,402</u>

OMAN OIL MARKETING COMPANY SAOG**Notes to the unaudited financial statements***(Forming part of the financial statements)***16) Related party transactions**

Related parties comprise the shareholders, directors and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Company has entered into transactions with entities over which certain Directors are able to exercise significant influence. In the normal course of business, the Company provides services on commercial terms to related parties and avails services from related parties. The Directors believe that the terms of providing and receiving such services are comparable with those that could be obtained from third parties.

The volumes of significant related party transactions during the year and with parties with a shareholding of 10% or more in the Company and / or related to Directors, were as follows:

	31-Mar-16	31-Mar-15
Revenue		
Fuel sales to filling stations owned by directors	2,533,951	1,997,405
Fuel sales to commercial customers related to directors	3,173,816	2,258,593
Fuel sales to Joint Venture	82,577	189,543
Costs		
Fuel Purchases from related parties	81,060,529	76,207,648
Brand royalty	81,205	76,129
Remuneration to directors	44,100	44,102
Directors' sitting fees	9,700	6,900
Net interest paid to related parties	23,014	6,973
Balances		
Bank balances	45,054	32,793
Due from related parties	3,269,521	2,333,040
Due to related parties	28,528,277	26,151,630

17) Staff cost

	31-Mar-16	31-Mar-15
	RO	RO
Wages, salaries and allowances	1,510,920	1,270,506
Social security costs	81,935	73,774
Other employee benefits	84,460	73,472
	<u>1,677,315</u>	<u>1,417,752</u>

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Notes to the unaudited financial statements

(Forming part of the financial statements)



18) Operating & other expenses

The operating and other expenses of the company include the following items:

	31-Mar-16 RO	31-Mar-15 RO
Operating leases	970,904	614,425
Ministry of Commerce & Industry license fee	370,054	348,064
Brand Royalty payable to Parent company	81,205	76,129
Director's remuneration provision	44,100	44,102
Board sitting fee	9,700	6,900
Tax consultant fee	-	1,792
Audit and professional fee provision	2,250	2,250
Provision for doubtful debts	142,290	149,880

19) Corresponding figures

The corresponding figures included for comparative purposes have been reclassified to conform to the presentation in the current period.