

## 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
<b>Cost</b>				
At 1 January 2012	9,359,527	27,221,781	3,234,411	39,815,719
Additions		11,168	5,027,983	5,039,151
Transfers	1,314,408	4,015,724	(5,330,132)	-
Disposals	(24,475)	(737,031)		(761,506)
<b>As at 30 September 2012</b>	<b>10,649,460</b>	<b>30,511,642</b>	<b>2,932,262</b>	<b>44,093,363</b>
At 1 January 2013	11,361,843	31,372,164	3,791,814	46,525,820
Additions		2,234	4,154,811	4,157,045
Transfers	(1,445)	250,873	(249,428)	-
Disposals				-
<b>As at 30 September 2013</b>	<b>11,360,398</b>	<b>31,625,271</b>	<b>7,697,197</b>	<b>50,682,865</b>
<b>Depreciation</b>				
At 1 January 2012	2,214,538	14,106,443	-	16,320,981
Charge for the year	401,321	2,067,903	-	2,469,224
Disposals	(13,373)	(666,641)	-	(680,014)
<b>As at 30 September 2012</b>	<b>2,602,486</b>	<b>15,507,704</b>		<b>18,110,190</b>
At 1 January 2013	2,747,115	16,164,694	-	18,911,809
Charge for the year	900,899	1,843,824	-	2,744,723
Disposals			-	-
<b>As at 30 September 2013</b>	<b>3,648,014</b>	<b>18,008,518</b>		<b>21,656,532</b>
<b>Carrying amount</b>				
As at 30 September 2012	8,046,974	15,003,937	2,932,262	25,983,173
<b>As at 30 September 2013</b>	<b>7,712,385</b>	<b>13,616,753</b>	<b>7,697,197</b>	<b>29,026,334</b>

**OMAN OIL MARKETING COMPANY SAOG****Notes to the unaudited financial statements***(Forming part of the financial statements)***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:

	30/09/2013 RO	30/09/2012 RO	31/12/2012 RO
Total assets	2,937,098	2,725,339	800,156
Total liabilities	(2,723,899)	(2,489,313)	(574,296)
Net assets	<u>213,199</u>	<u>236,026</u>	<u>225,860</u>
Company's share in Net assets of the Joint Venture	<u>106,600</u>	<u>118,013</u>	<u>112,930</u>
Income	11,111,922	12,194,216	14,359,276
Expense	(11,125,170)	(12,103,304)	(14,278,528)
Profit / (Loss) of Joint venture for the period	<u>(13,248)</u>	<u>90,912</u>	<u>80,748</u>
Company's share in profit / (loss) of the Joint Venture	<u>(6,624)</u>	<u>45,456</u>	<u>40,374</u>

**3) Available for Sale Investment**

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.

The proposed cash dividend of 60% was approved by the shareholders at the AGM for 2012, held on 23rd March 2013. OOMCO share of dividend received has been recognised.

**Investment in Associate**

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:

	30/09/2013 RO	30/09/2012 RO	31/12/2012 RO
Total assets	8,459,590	-	-
Total liabilities	(1,568,403)	-	-
Net assets	<u>6,891,187</u>	<u>-</u>	<u>-</u>
Company's share in Net assets of the Associate	<u>632,404</u>	<u>-</u>	<u>-</u>
Purchase Consideration (Value of derecognised AFS)	2,312,832	-	-
Post acquisition share of profit from Associate	93,227	-	-
Carrying value of Investment in Associate	<u>2,406,059</u>	<u>-</u>	<u>-</u>
Profit/(Loss) of Associate for the period	<u>1,235,448</u>	<u>-</u>	<u>-</u>
Company's share in profit/(loss) of the Associate	<u>93,227</u>	<u>-</u>	<u>-</u>

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**Notes to the unaudited financial statements**  
*(Forming part of the financial statements)*



**4) Inventories**

	30/09/2013	30/09/2012	31/12/2012
	RO	RO	RO
Oil and lubricants	5,443,194	3,704,706	5,937,587
Stores and spares	7,498	7,498	7,498
Less: allowance for slow moving and obsolete inventory	(15,000)	(15,000)	(15,000)
	<u>5,435,692</u>	<u>3,697,204</u>	<u>5,930,085</u>

**5) Trade and other receivables**

	30/09/2013	30/09/2012	31/12/2012
	RO	RO	RO
Trade receivables	32,912,136	27,195,572	21,446,462
Less: allowance for impaired debts	(966,942)	(717,822)	(587,970)
	<u>31,945,194</u>	<u>26,477,750</u>	<u>20,858,492</u>
Amounts due from related parties	1,209,681	3,073,812	2,625,872
Other receivables	1,494,222	6,905,164	1,122,213
Prepaid expenses	1,839,714	1,409,458	1,871,544
	<u>36,488,811</u>	<u>37,866,184</u>	<u>26,478,121</u>

**6) Cash and cash equivalents**

	30/09/2013	30/09/2012	31/12/2012
	RO	RO	RO
Cash on hand	87,924	15,425	29,203
Cash at bank	19,368,258	18,821,006	12,810,213
	<u>19,456,182</u>	<u>18,836,431</u>	<u>12,839,416</u>
Less: deposits having maturity more than three months from the date of placement	(1,500,000)	(1,500,000)	(3,500,000)
	<u>17,956,182</u>	<u>17,336,431</u>	<u>9,339,416</u>

**7) Share capital**

	Number of shares		
	30/09/2013	30/09/2012	31/12/2012
3,225,000 Multi-vote shares of RO 0.1 each	3,225,000	3,225,000	3,225,000
61,275,000 Ordinary shares of RO 0.1 each	61,275,000	61,275,000	61,275,000
	<u>64,500,000</u>	<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	3,225,000
– Ordinary shares	28,380,000	28,380,000	28,380,000
Civil Services Pension Fund – Ordinary shares	8,352,027	8,352,027	8,352,027
	<u>39,957,027</u>	<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:	30/09/2013	30/09/2012	31/12/2012
	RO	RO	RO
Balance at 1 January	270,088	198,190	198,190
Accrued during the year	72,444	83,945	72,912
End of service benefits paid	(15,570)	(19,965)	(1,014)
Balance at 30 September	<u>326,962</u>	<u>262,170</u>	<u>270,088</u>

**10) Provision for site restoration and abandonment cost**

Movement in the provision is as follows:	30/09/2013	30/09/2012	31/12/2012
	RO	RO	RO
Balance at 1 January	472,407	420,381	420,381
Additional provision	-	4,467	26,803
Unwind of discount (included in finance costs)	16,406	12,612	25,223
Balance at 30 September	<u>488,813</u>	<u>437,460</u>	<u>472,407</u>

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**11) Trade and other payables**

	30/09/2013 RO	30/09/2012 RO	31/12/2012 RO
Trade payables	3,748,222	7,447,195	1,163,592
Due to related parties	21,007,430	21,550,700	21,633,762
Accrued expenses	7,489,783	7,140,965	7,681,387
Directors' remuneration provision	100,800	94,500	108,000
	<u>32,346,235</u>	<u>36,233,360</u>	<u>30,586,741</u>

**12) Bank borrowings**

	30/09/2013 RO	30/09/2012 RO	31/12/2012 RO
Short Term loan	10,000,000	10,000,000	-
Term loan II	1,076,923	2,692,308	2,288,462
Term loan III	308,400	708,400	608,400
Term loan IV	4,619,400	-	-
	<u>16,004,723</u>	<u>13,400,708</u>	<u>2,896,862</u>
<b>Current portion</b>			
Short Term loan I	10,000,000	10,000,000	-
Term loan II	1,076,923	1,615,380	1,615,385
Term loan III	308,400	400,000	400,000
Term loan IV	1,319,829	-	-
	<u>12,705,152</u>	<u>12,015,380</u>	<u>2,015,385</u>
<b>Non-current portion</b>			
Term loan II	-	1,076,928	673,077
Term loan III	-	308,400	208,400
Term loan IV	3,299,571	-	-
	<u>3,299,571</u>	<u>1,385,328</u>	<u>881,477</u>

**Short term Loans -**

The Short term loan is repayable within one year of the balance sheet date. The loan is unsecured and carried interest at current market rates.

**Long term Loans -**

The long term loan II is unsecured and the rate is 8% per annum below the bank's base lending rate. The repayment commenced in April 2012 of OMR 135K per month for 26 months..

The long term loan III is unsecured and the rate is 4% per annum . The repayment of the loan will commence one month after the final drawdown

The long term loan IV is unsecured and the rate is 3.7% per annum . The repayment of the loan will commence six month after the first drawdown .

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**13) Income tax**

	30/09/2013 RO	30/09/2012 RO	31/12/2012 RO
<i>Current liability:</i>			
Current period	1,061,704	853,000	1,303,718
Prior years	-	51,995	51,987
	<u>1,061,704</u>	<u>904,995</u>	<u>1,355,705</u>
<i>Comprehensive Income Statement</i>			
Current period	988,651	853,000	1,303,718
Reversal of excess tax provision relating to earlier years	-	(60,228)	(60,236)
Deferred tax relating to origination and reversal of temporary difference	-	-	(68,108)
	<u>988,651</u>	<u>792,772</u>	<u>1,175,374</u>
<i>Deferred tax asset:</i>			
At 1 January	77,838	9,730	9,730
Movement for the period	-	-	68,108
At end of the period	<u>77,838</u>	<u>9,730</u>	<u>77,838</u>
<i>The deferred tax asset comprises the following differences</i>			
Provision and other charges	180,929	151,483	180,929
Property and other equipment	(103,091)	(141,753)	(103,091)
	<u>77,838</u>	<u>9,730</u>	<u>77,838</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**

	30/09/2013 RO	30/09/2012 RO	31/12/2012 RO
Movement in the provision is as follows:			
Balance at 1 January	626,765	626,765	626,765
Provided during the year	-	13,372	-
Utilized	-	(13,372)	-
Balance at	<u>626,765</u>	<u>626,765</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**

	30/09/2013 RO	30/09/2012 RO	31/12/2012 RO
Interest expenses	(241,211)	(180,870)	(236,260)
Interest income	139,697	270,064	340,553
	<u>(101,514)</u>	<u>89,194</u>	<u>104,293</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:

	30/09/2013 RO	30/09/2012 RO	31/12/2012 RO
<b>Revenue</b>			
Fuel sales to filling stations owned by directors	4,406,538	1,999,239	5,233,611
Fuel sales to commercial customers related to directors	2,756,062	6,104,203	12,818,394
Fuel sales to Joint Venture	639,844	270,010	726,421
<b>Costs</b>			
Fuel Purchases from other related parties	125,339,577	125,161,424	250,322,848
Brand royalty	195,842	185,144	243,209
Remuneration to directors	100,800	94,500	135,000
Directors' sitting fees	18,400	18,100	27,200
Net interest paid to other related parties	9,453	6,592	9,849
<b>Balances</b>			
Bank balances	909,112	3,469,091	1,425,074
Due from related parties	1,209,681	3,073,812	2,625,872
Due to related parties	21,007,430	21,550,700	21,633,762

**17) Staff cost**

	30/09/2013 RO	30/09/2012 RO	31/12/2012 RO
Wages, salaries and allowances	2,848,593	2,803,184	3,817,748
End of service benefits	72,444	83,945	72,912
Social security costs	95,360	98,299	129,861
Other employee benefits	163,708	178,480	231,548
	<u>3,180,105</u>	<u>3,163,908</u>	<u>4,252,069</u>

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(Forming part of the financial statements)



#### 18) Operating & other expenses

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

	30/09/2013	30/09/2012	31/12/2012
	RO	RO	RO
Operating leases	1,602,257	1,549,885	2,071,993
Ministry of Oil and Gas license fee	894,913	845,197	1,113,852
Brand Royalty payable to Parent company	195,842	185,144	243,209
Director's remuneration	100,800	94,500	135,000
Board sitting fee	18,400	18,100	27,200
Tax consultant fee	1,054	4,899	6,927
Audit and professional fee	7,210	6,810	10,260
Provision / (Write back) for doubtful debts	389,506	304,176	174,323

#### 19) Commitments

##### Operating leases

The Company has entered into certain long-term non-cancellable operating leases.

#### 20) Corresponding figures

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