

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 2013	11,361,843	31,372,164	3,791,814	46,525,820
Additions		2,234	1,898,582	1,900,816
Transfers		175,324	(175,324)	-
Disposals				-
As at 30 June 2013	11,361,843	31,549,722	5,515,072	48,426,636
At 1 January 2014	15,673,234	32,999,274	3,433,103	52,105,611
Additions	1,341,625	1,773,583	321,796	3,437,004
Transfers				-
Disposals				-
As at 30 June 2014	17,014,859	34,772,857	3,754,899	55,542,615
Depreciation				
At 1 January 2013	2,747,115	16,164,694	-	18,911,810
Charge for the period	286,004	1,379,445	-	1,665,448
Disposals				-
As at 30 June 2013	3,033,118	17,544,139		20,577,258
At 1 January 2014	3,403,914	19,277,086	-	22,681,000
Charge for the period	368,938	1,574,621	-	1,943,559
Disposals				-
As at 30 June 2014	3,772,852	20,851,707		24,624,559
Carrying amount				
As at 30 June 2013	8,328,724	14,005,584	5,515,072	27,849,379
As at 30 June 2014	13,242,007	13,921,150	3,754,899	30,918,056

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:

	30/06/2014	30/06/2013
	RO	RO
Total assets	3,746,143	520,640
Total liabilities	(3,573,421)	(313,955)
Net assets	<u>172,722</u>	<u>206,685</u>
Company's share in Net assets of the Joint Venture	<u>86,361</u>	<u>103,343</u>
Income	12,361,146	4,286,303
Expense	(12,366,249)	(4,306,067)
Profit / (Loss) of Joint venture for the period	<u>(5,103)</u>	<u>(19,764)</u>
Company's share in profit / (loss) of the Joint Venture	<u>(2,552)</u>	<u>(9,882)</u>

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.

The proposed cash dividend of 40% was approved by the shareholders at the AGM for 2013, held on 27th March 2014. OOMCO share of dividend received has been recognised.

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:

	30/06/2014	30/06/2013
	RO	RO
Total assets	18,770,016	9,971,712
Total liabilities	(6,083,202)	(3,302,565)
Net assets	<u>12,686,814</u>	<u>6,669,147</u>
Company's share in Net assets of the Associate	<u>1,164,269</u>	<u>612,028</u>
Company's Cost of Investment	2,421,773	2,312,830
Share of profit from Associate	81,493	72,852
Dividend Received for 2013	(110,126)	-
Carrying value of Investment in Associate	<u>2,393,140</u>	<u>2,385,682</u>
Profit/(Loss) of Associate for the period	<u>887,728</u>	<u>1,013,408</u>
Company's share in profit/(loss) of the Associate	<u>81,493</u>	<u>72,852</u>

3) Investment in Associate -Continue

Lubchem International Industry LLC

This represents a 40% non controlling interest in Lubchem International Industry LLC "LII". The Company incorporated in the Emarat 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.

	30/06/2014	30/06/2013
	RO	RO
Carrying value of Investment in Associate	156,836	-

4) Inventories

	30/06/2014	30/06/2013
	RO	RO
Oil and lubricants	6,718,963	5,376,945
Stores and spares	7,498	7,498
Less: allowance for slow moving and obsolete inventory	(15,000)	(15,000)
	<u>6,711,461</u>	<u>5,369,443</u>

5) Trade and other receivables

	30/06/2014	30/06/2013
	RO	RO
Trade receivables	36,190,586	27,745,209
Less: allowance for impaired debts	(1,019,400)	(811,053)
	<u>35,171,186</u>	<u>26,934,156</u>
Amounts due from related parties	1,038,479	1,064,848
Other receivables	630,068	1,358,896
Prepaid expenses	2,020,723	1,994,500
	<u>38,860,456</u>	<u>31,352,400</u>

6) Cash and cash equivalents

	30/06/2014	30/06/2013
	RO	RO
Cash on hand	69,701	39,492
Cash at bank	33,232,637	22,538,559
	<u>33,302,338</u>	<u>22,578,051</u>
Less: Deposits	(5,000,000)	(1,500,000)
	<u>28,302,338</u>	<u>21,078,051</u>

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



7) Share capital

	Number of shares	
	30/06/2014	30/06/2013
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
	64,500,000	64,500,000

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
	39,957,027	39,957,027

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:	30/06/2014	30/06/2013
	RO	RO
Balance at 1 January	336,117	270,088
Accrued during the period	21,700	53,305
End of service benefits paid	(12,188)	(14,033)
Balance as at 30 June	345,629	309,359

10) Provision for site restoration and abandonment cost

Movement in the provision is as follows:	30/06/2014	30/06/2013
	RO	RO
Balance at 1 January	472,407	472,407
Additional provision	17,869	-
Unwind of discount (included in finance costs)	28,344	16,406
Balance as at 30 June	518,620	488,813



11) Trade and other payables

	30/06/2014 RO	30/06/2013 RO
Trade payables	3,770,856	2,901,292
Due to related parties	27,404,667	21,007,430
Accrued expenses	9,743,097	7,445,675
Directors' remuneration provision	88,200	66,000
	<u>41,006,820</u>	<u>31,420,397</u>

12) Bank borrowings

	30/06/2014 RO	30/06/2013 RO
Short Term loan	20,000,000	10,000,000
Term loan I	-	1,480,769
Term loan II	8,400	408,400
Term loan III	3,517,971	4,619,400
	<u>23,526,371</u>	<u>16,508,569</u>
Current portion		
Short Term loan	20,000,000	10,000,000
Term loan I	-	1,480,769
Term loan II	8,400	400,000
Term loan III	1,319,571	990,000
	<u>21,327,971</u>	<u>12,870,769</u>
Non-current portion		
Term loan I	-	-
Term loan II	-	8,400
Term loan III	2,198,400	3,629,400
	<u>2,198,400</u>	<u>3,637,800</u>

Long term Loans -

The long term loan I 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 II 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 III is unsecured and the rate is 3.2% per annum. The repayment of the loan commenced in October 2013 of USD 285K per month for 42 months.

OMAN OIL MARKETING COMPANY SAOG**Notes to the unaudited financial statements***(Forming part of the financial statements)***13) Income tax**

	30/06/2014 RO	30/06/2013 RO
Current liability:		
Current period	798,903	742,170
Prior years	-	-
	<u>798,903</u>	<u>742,170</u>
Comprehensive Income Statement		
Current period	729,049	669,117
	<u>729,049</u>	<u>669,117</u>
Deferred tax asset:		
At 1 January	150,450	77,838
Movement for the period	-	-
At end of the period	<u>150,450</u>	<u>77,838</u>
The deferred tax asset comprises the following differences		
Provision and other charges	223,370	180,929
Property and other equipment	(72,920)	(103,091)
	<u>150,450</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

	30/06/2014 RO	30/06/2013 RO
Movement in the provision is as follows:		
Balance at 1 January	626,765	626,765
Provided during the period	-	-
Utilized	-	-
Balance as at 30 June	<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

	30/06/2014 RO	30/06/2013 RO
Interest expenses	(93,851)	(152,153)
Interest income	109,014	75,758
	<u>15,163</u>	<u>(76,395)</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:

	30/06/2014	30/06/2013
	RO	RO
Revenue		
Fuel sales to filling stations owned by directors	9,727,232	3,341,263
Fuel sales to commercial customers related to directors	4,635,107	2,007,605
Fuel sales to Joint Venture	1,014,944	516,440
Costs		
Fuel Purchases from other related parties	150,089,341	125,339,577
Brand royalty	147,969	130,431
Remuneration to directors	88,200	66,600
Directors' sitting fees	12,800	6,800
Net interest paid to other related parties	9,453	6,181
Balances		
Bank balances	145,138	909,112
Due from related parties	1,038,479	1,064,848
Due to related parties	27,404,667	21,007,430

17) Staff cost

	30/06/2014	30/06/2013
	RO	RO
Wages, salaries and allowances	2,315,620	1,884,992
End of service benefits	21,700	53,305
Social security costs	77,321	62,783
Other employee benefits	137,253	128,674
	<u>2,551,894</u>	<u>2,129,754</u>

18) Operating & other expenses

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

	30/06/2014	30/06/2013
	RO	RO
Operating leases	1,228,617	1,040,859
Ministry of Commerce & Industry license fee	674,803	598,747
Brand Royalty payable to Parent company	147,969	130,431
Director's remuneration	88,200	66,600
Board sitting fee	12,800	13,200
Tax consultant fee	2,368	1,054
Audit and professional fee	6,852	4,960
Provision / (Write back) for doubtful debts	139,011	233,617

19) Commitments

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.