

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	46,525,821
Additions		2,234	4,154,811	4,157,045
Transfers	(1,445)	250,873	(249,428)	-
Disposals				-
As at 30 September 2013	11,360,398	31,625,271	7,697,197	50,682,866
At 1 January 2014	15,673,234	32,999,274	3,433,103	52,105,611
Additions	-	-	5,880,837	5,880,837
Transfers	1,403,595	2,107,217	(3,510,812)	-
Disposals	(42,902)	(288,853)		(331,755)
As at 30 September 2014	17,033,927	34,817,638	5,803,128	57,654,693
Depreciation				
At 1 January 2013	2,747,115	16,164,694	-	18,911,809
Charge for the period	900,899	1,843,824	-	2,744,723
Disposals			-	-
As at 30 September 2013	3,648,014	18,008,518		21,656,532
At 1 January 2014	3,403,914	19,277,086	-	22,681,000
Charge for the period	557,082	2,355,507	-	2,912,589
Disposals	(25,193)	(257,387)	-	(282,580)
As at 30 September 2014	3,935,803	21,375,206	-	25,311,009
Carrying amount				
As at 30 September 2013	7,712,384	13,616,753	7,697,197	29,026,334
As at 30 September 2014	13,098,124	13,442,432	5,803,128	32,343,684

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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:

	30/09/2014	30/09/2013
	RO	RO
Total assets	3,713,641	2,937,098
Total liabilities	(3,573,421)	(2,723,899)
Net assets	140,220	213,199
Company's share in Net assets of the Joint Venture	70,110	106,600
Income	25,876,831	11,111,922
Expense	(25,914,433)	(11,125,170)
Loss from Joint venture for the period	(37,602)	(13,248)
Company's share of loss from the Joint Venture	(18,801)	(6,624)

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:

	30/09/2014	30/09/2013
	RO	RO
Total assets	8,981,592	8,459,590
Total liabilities	(2,165,675)	(1,568,403)
Net assets	6,815,917	6,891,187
Company's share in Net assets of the Associate	625,497	632,404
Company's Cost of Investment	2,421,773	2,312,832
Share of profit from Associate	110,912	93,227
Dividend Received for 2013	(110,126)	-
Carrying value of Investment in Associate	2,422,559	2,406,059
Profit of Associate for the period	887,728	1,235,448
Company's share in profit of the Associate	110,912	93,227

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 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.

	30/09/2014	30/09/2013
	RO	RO
Carrying value of Investment in Associate	156,836	-

4) Inventories

	30/09/2014	30/09/2013
	RO	RO
Oil and lubricants	6,815,196	5,443,194
Stores and spares	7,498	7,498
Less: allowance for slow moving and obsolete inventory	(15,000)	(15,000)
	<u>6,807,694</u>	<u>5,435,692</u>

5) Trade and other receivables

	30/09/2014	30/09/2013
	RO	RO
Trade receivables	34,961,317	33,056,969
Less: allowance for impaired debts	(922,911)	(966,942)
	<u>34,038,406</u>	<u>32,090,027</u>
Amounts due from related parties	1,038,479	1,064,848
Other receivables	(582,363)	1,494,222
Prepaid expenses	2,188,046	1,839,714
	<u>36,682,568</u>	<u>36,488,811</u>

6) Cash and cash equivalents

	30/09/2014	30/09/2013
	RO	RO
Cash in hand	69,711	87,924
Cash at bank	33,812,617	19,368,258
	<u>33,882,328</u>	<u>19,456,182</u>
Less: Deposits		(1,500,000)
	<u>33,882,328</u>	<u>17,956,182</u>

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7) Share capital

	Number of shares	
	30/09/2014	30/09/2013
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
	<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:	30/09/2014	30/09/2013
	RO	RO
Balance at 1 January	336,117	270,088
Accrued during the period	31,648	70,908
End of service benefits paid	(12,188)	(14,033)
Balance as at 30 September	<u>355,577</u>	<u>326,963</u>

10) Provision for site restoration and abandonment cost

Movement in the provision is as follows:	30/09/2014	30/09/2013
	RO	RO
Balance at 1 January	518,620	472,407
Additional provision	-	-
Unwind of discount (included in finance costs)	-	16,406
Balance as at 30 September	<u>518,620</u>	<u>488,813</u>

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

	30/09/2014 RO	30/09/2013 RO
Trade payables	4,490,129	3,748,222
Due to related parties	28,746,411	21,007,430
Accrued expenses	9,668,789	7,490,383
Directors' remuneration provision	132,300	100,200
	<u>43,037,629</u>	<u>32,346,235</u>

12) Bank borrowings

	30/09/2014 RO	30/09/2013 RO
Short Term loan	15,000,000	10,000,000
Term loan I	-	1,076,923
Term loan II	-	308,400
Term loan III	3,187,542	4,619,400
	<u>18,187,542</u>	<u>16,004,723</u>
Current portion		
Short Term loan	15,000,000	10,000,000
Term loan I	-	1,076,923
Term loan II	-	300,000
Term loan III	1,319,571	1,319,829
	<u>16,319,571</u>	<u>12,696,752</u>
Non-current portion		
Term loan I	-	-
Term loan II	-	8,400
Term loan III	1,867,971	3,299,571
	<u>1,867,971</u>	<u>3,307,971</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.

13) Income tax

	30/09/2014	30/09/2013
	RO	RO
Current liability:		
Current period	1,120,729	988,651
Prior years	69,854	73,053
	<u>1,190,583</u>	<u>1,061,704</u>
Comprehensive Income Statement		
Current period	1,120,729	988,651
	<u>1,120,729</u>	<u>988,651</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

	30/09/2014	30/09/2013
	RO	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 September	<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

	30/09/2014	30/09/2013
	RO	RO
Interest expenses	(145,511)	(241,211)
Interest income	169,901	139,697
	<u>24,390</u>	<u>(101,514)</u>

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:

	30/09/2014	30/09/2013
	RO	RO
Revenue		
Fuel sales to filling stations owned by directors	9,446,798	4,406,538
Fuel sales to commercial customers related to directors	5,754,272	2,756,062
Fuel sales to Joint Venture	1,110,364	639,844
Costs		
Fuel Purchases from other related parties	150,089,341	125,339,577
Brand royalty	232,923	195,842
Remuneration to directors	132,300	100,800
Directors' sitting fees	18,700	18,400
Net interest paid to other related parties	5,400	9,453
Balances		
Bank balances	30,552	909,112
Due from related parties	1,038,479	1,064,848
Due to related parties	28,746,411	21,007,430

17) Staff cost

	30/09/2014	30/09/2013
	RO	RO
Wages, salaries and allowances	3,672,844	2,848,593
End of service benefits	31,648	72,444
Social security costs	144,590	95,360
Other employee benefits	172,102	163,708
	4,021,184	3,180,105

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18) Operating & other expenses

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

	30/09/2014	30/09/2013
	RO	RO
Operating leases	1,891,294	1,602,257
Ministry of Commerce & Industry license fee	1,061,690	894,913
Brand Royalty payable to Parent company	232,923	195,842
Director's remuneration	132,300	100,800
Board sitting fee	18,700	18,400
Tax consultant fee	2,368	1,054
Audit and professional fee	9,102	7,210
Provision / (Write back) for doubtful debts	42,631	389,506

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.