

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 2014	15,673,234	32,999,274	3,433,103	52,105,611
Additions		233,771	2,197,494	2,431,265
Transfers				-
Disposals				-
As at 31 March 2014	15,673,234	33,233,045	5,630,597	54,536,876
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
Depreciation				
At 1 January 2014	3,403,914	19,277,086	-	22,681,000
Charge for the period	163,989	739,958	-	903,947
Disposals				-
As at 31 March 2014	3,567,903	20,017,044		23,584,947
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
Carrying amount				
As at 31 March 2014	12,105,331	13,216,001	5,630,597	30,951,929
As at 31 March 2015	13,479,892	13,536,760	9,140,450	36,157,102

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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-15 RO	31-Mar-14 RO
Total assets	4,241,719	2,744,439
Total liabilities	(3,255,890)	(2,566,047)
Net assets	<u>985,829</u>	<u>178,392</u>
Company's share in Net assets of the Joint Venture	<u>492,915</u>	<u>89,196</u>
(Loss)/Profit from Joint venture for the period	<u>(132,843)</u>	<u>567</u>
Company's share of (Loss)/Profit from the Joint Venture	<u>(66,421)</u>	<u>283</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.

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-15 RO	31-Mar-14 RO
Total assets	9,380,813	9,277,064
Total liabilities	(2,117,731)	(1,825,875)
Net assets	<u>7,263,082</u>	<u>7,451,189</u>
Company's share in Net assets of the Associate	<u>666,533</u>	<u>683,796</u>
Company's Cost of Investment	2,449,038	2,421,773
Share of profit from Associate	31,293	32,281
Dividend Received	-	(110,126)
Carrying value of Investment in Associate	<u>2,480,331</u>	<u>2,343,928</u>
Income	2,459,907	2,453,365
Expense	(2,119,022)	(2,101,719)
Profit of Associate for the period	<u>340,885</u>	<u>351,646</u>
Company's share in profit of the Associate	<u>31,293</u>	<u>32,281</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 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-15 RO	31-Mar-14 RO
Company's Cost of Investment	400,298	-
Share of profit from Associate	-	-
Carrying value of Investment in Associate	<u>400,298</u>	<u>-</u>

4) Inventories

	31-Mar-15 RO	31-Mar-14 RO
Oil and lubricants	6,376,502	6,480,232
Stores and spares	7,498	7,498
Less: allowance for slow moving and obsolete inventory	(15,000)	(15,000)
	<u>6,369,000</u>	<u>6,472,730</u>

5) Trade and other receivables

	31-Mar-15 RO	31-Mar-14 RO
Trade receivables	34,449,858	30,659,719
Less: allowance for impaired debts	(911,803)	(805,003)
	<u>33,538,055</u>	<u>29,854,716</u>
Amounts due from related parties (Note-16)	2,333,040	1,050,837
Other receivables	411,757	460,092
Prepaid expenses	2,315,151	2,135,892
	<u>38,598,003</u>	<u>33,501,537</u>

6) Cash and cash equivalents

	31-Mar-15 RO	31-Mar-14 RO
Cash in hand	70,787	112,787
Cash at bank	35,888,726	20,413,097
	<u>35,959,513</u>	<u>20,525,884</u>

OMAN OIL MARKETING COMPANY SAOG**Notes to the unaudited financial statements***(Forming part of the financial statements)***7) Share capital**

	Number of shares	
	31-Mar-15	31-Mar-14
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:	31-Mar-15	31-Mar-14
	RO	RO
Balance at 1 January	303,925	336,117
Accrued during the period	-	-
End of service benefits paid	-	-
	303,925	336,117

10) Provision for site restoration and abandonment cost

Movement in the provision is as follows:	31-Mar-15	31-Mar-14
	RO	RO
Balance at 1 January	581,007	472,407
Additional provision	-	17,869
Unwind of discount (included in finance costs)	3,735	28,344
	584,742	518,620



11) Trade and other payables

	31-Mar-15 RO	31-Mar-14 RO
Trade payables	4,208,452	1,624,591
Due to related parties (Note-16)	26,151,630	25,082,870
Accrued expenses	15,499,935	8,397,593
Directors' remuneration provision	44,102	44,100
	<u>45,904,119</u>	<u>35,149,154</u>

12) Bank borrowings

	31-Mar-15 RO	31-Mar-14 RO
Short Term loan	20,000,000	10,000,000
Term loan I	-	269,231
Term loan II	-	108,400
Term loan III	2,526,685	3,926,306
	<u>22,526,685</u>	<u>14,303,937</u>

Current portion

Short Term loan	20,000,000	10,000,000
Term loan I	-	269,231
Term loan II	-	100,000
Term loan III	1,321,714	1,319,571
	<u>21,321,714</u>	<u>11,688,802</u>

Non-current portion

Term loan I	-	-
Term loan II	-	8,400
Term loan III	1,204,971	2,606,735
	<u>1,204,971</u>	<u>2,615,135</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

	31-Mar-15 RO	31-Mar-14 RO
Current liability:		
Current period	371,995	323,805
Prior years	71,332	69,854
	<u>443,327</u>	<u>393,659</u>
Comprehensive Income Statement		
Current period	371,995	323,805
Reversal of excess tax provision relating to earlier years	-	-
Deferred tax relating to origination and reversal of temporary	-	-
	<u>371,995</u>	<u>323,805</u>
Deferred tax asset:		
At 1 January	213,911	150,450
Movement for the period	-	-
	<u>213,911</u>	<u>150,450</u>
At end of the period		
	<u>213,911</u>	<u>150,450</u>
The deferred tax asset comprises the following differences		
Provision and other charges	235,301	223,370
Property and other equipment	(21,390)	(72,920)
	<u>213,911</u>	<u>150,450</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

Movement in the provision is as follows:	31-Mar-15 RO	31-Mar-14 RO
Balance at 1 January	626,765	626,765
Provided during the period	-	-
Utilized	-	-
	<u>626,765</u>	<u>626,765</u>
Balance as at 31 March	<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

	31-Mar-15 RO	31-Mar-14 RO
Interest expenses	(26,478)	(41,878)
Interest income	51,880	61,722
	<u>25,402</u>	<u>19,844</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:

	31-Mar-15 RO	31-Mar-14 RO
Revenue		
Fuel sales to filling stations owned by directors	14,899,577	7,815,124
Fuel sales to commercial customers related to directors	22,574,461	4,029,968
Fuel sales to Joint Venture	1,402,197	889,872
Costs		
Fuel Purchases from other related parties	76,207,648	68,910,859
Brand royalty	76,129	67,118
Remuneration to directors	44,102	44,100
Directors' sitting fees	6,900	5,200
Net interest paid to other related parties	6,973	20,458
Balances		
Bank balances	32,793	760,862
Due from related parties	2,333,040	1,050,837
Due to related parties	26,151,630	25,082,870

17) Staff cost

	31-Mar-15 RO	31-Mar-14 RO
Wages, salaries and allowances	1,270,506	1,031,453
End of service benefits	-	-
Social security costs	73,774	36,475
Other employee benefits	73,472	90,488
	1,417,752	1,158,416

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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:

	31-Mar-15 RO	31-Mar-14 RO
Operating leases	614,425	674,332
Ministry of Commerce & Industry license fee	348,064	306,621
Brand Royalty payable to Parent company	76,129	67,118
Director's remuneration	44,102	44,100
Board sitting fee	6,900	5,200
Tax consultant fee	1,792	2,368
Audit and professional fee	2,250	4,602
Provision / (Write back) for doubtful debts	149,880	(75,398)

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.