

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	3,433,102	52,105,610
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	3,754,898	55,542,614
At 1 January 2015	17,780,737	36,282,570	7,328,756	61,392,063
Additions	-	-	2,381,194	2,381,194
Transfers	-	48,249	(48,249)	-
Disposals	(28,977,000)	(65,675)		(94,652)
As at 30 June 2015	17,751,760	36,265,144	9,661,701	63,678,605
Depreciation				
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
At 1 January 2015	4,107,290	21,998,608	-	26,105,898
Charge for the period	585,301	1,578,787	-	2,164,088
Disposals	(8,209)	(59,918)	-	(68,127)
As at 30 June 2015	4,684,382	23,517,477	-	28,201,859
Carrying amount				
As at 30 June 2014	13,242,007	13,921,150	3,754,898	30,918,055
As at 30 June 2015	13,067,378	12,747,667	9,661,701	35,476,746

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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-Jun-15 RO	30-Jun-14 RO
Total assets	3,994,561	3,746,143
Total liabilities	(3,255,890)	(3,573,421)
Net assets	738,671	172,722
Company's share in Net assets of the Joint Venture	369,336	86,361
(Loss)/Profit from Joint venture for the period	(380,000)	(5,103)
Company's share of (Loss)/Profit from the Joint Venture	(190,000)	(2,552)

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-Jun-15 RO	30-Jun-14 RO
Total assets	9,867,766	8,870,680
Total liabilities	(3,132,416)	(2,165,675)
Net assets	6,735,350	6,705,005
Company's share in Net assets of the Associate	618,103	615,318
Company's Cost of Investment	2,449,038	2,421,773
Share of profit from Associate	61,714	81,493
Dividend Received	(110,126)	(110,126)
Carrying value of Investment in Associate	2,400,626	2,393,140
Income	4,677,540	5,132,012
Expense	(4,005,274)	(4,244,284)
Profit of Associate for the period	672,266	887,728
Company's share in profit of the Associate	61,714	81,493

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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 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-Jun-15	30-Jun-14
	RO	RO
Carrying value of Investment in Associate	400,298	308,999

4) Inventories

	30-Jun-15	30-Jun-14
	RO	RO
Oil and lubricants	6,815,894	6,718,963
Stores and spares	7,498	7,498
Less: allowance for slow moving and obsolete inventory	(15,000)	(15,000)
	<u>6,808,392</u>	<u>6,711,461</u>

5) Trade and other receivables

	30-Jun-15	30-Jun-14
	RO	RO
Trade receivables	37,158,370	36,051,796
Less: allowance for impaired debts	(1,090,806)	(1,019,400)
	<u>36,067,564</u>	<u>35,032,396</u>
Amounts due from related parties (Note-16)	2,824,034	1,038,479
Other receivables	483,927	602,424
Prepaid expenses	2,211,772	2,020,723
	<u>41,587,297</u>	<u>38,694,022</u>

6) Cash and cash equivalents

	30-Jun-15	30-Jun-14
	RO	RO
Cash in hand	65,778	69,701
Cash at bank	29,386,151	31,125,547
	<u>29,451,929</u>	<u>31,195,248</u>
Less: Deposits	-	(5,000,000)
	<u>29,451,929</u>	<u>26,195,248</u>

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7) Share capital

	Number of shares	
	30-Jun-15	30-Jun-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
	<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-Jun-15	30-Jun-14
	RO	RO
Balance at 1 January	303,925	336,117
Accrued during the period	-	21,700
End of service benefits paid	-	(12,188)
	<u>303,925</u>	<u>345,629</u>

10) Provision for site restoration and abandonment cost

Movement in the provision is as follows:	30-Jun-15	30-Jun-14
	RO	RO
Balance at 1 January	581,007	472,407
Additional provision	-	17,869
Unwind of discount (included in finance costs)	7,470	28,344
	<u>588,477</u>	<u>518,620</u>

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11) Trade and other payables

	30-Jun-15 RO	30-Jun-14 RO
Trade payables	2,568,747	3,743,255
Due to related parties (Note-16)	28,953,249	27,404,667
Accrued expenses	7,424,190	7,649,337
Directors' remuneration provision	88,200	88,200
	<u>39,034,386</u>	<u>38,885,459</u>

12) Bank borrowings

	30-Jun-15 RO	30-Jun-14 RO
Short Term loan	20,000,000	20,000,000
Term loan I	-	8,400
Term loan II	2,196,256	3,517,971
	<u>22,196,256</u>	<u>23,526,371</u>
Current portion		
Short Term loan	20,000,000	20,000,000
Term loan I	-	8,400
Term loan II	1,321,714	1,319,571
	<u>21,321,714</u>	<u>21,327,971</u>
Non-current portion		
Term loan I	-	-
Term loan II	874,542	2,198,400
	<u>874,542</u>	<u>2,198,400</u>

Long term Loans -

The long term loan (I) 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 (II) 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-Jun-15	30-Jun-14
	RO	RO
<i>Current liability:</i>		
Current period	753,802	729,049
Prior years	71,332	69,854
	<u>825,134</u>	<u>798,903</u>
<i>Comprehensive Income Statement</i>		
Current period	753,802	729,049
Reversal of excess tax provision relating to earlier years	-	-
Deferred tax relating to origination and reversal of temporary difference	-	-
	<u>753,802</u>	<u>729,049</u>
<i>Deferred tax asset:</i>		
At 1 January	213,911	150,450
Movement for 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

	30-Jun-15	30-Jun-14
	RO	RO
Movement in the provision is as follows:		
Balance at 1 January	626,765	626,765
Provided during the period	-	-
Utilized	(34,920)	-
	<u>591,845</u>	<u>626,765</u>
Balance as at 30 June	<u>591,845</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

	30-Jun-15	30-Jun-14
	RO	RO
Interest expenses	(85,124)	(93,851)
Interest income	116,305	109,014
	<u>31,181</u>	<u>15,163</u>

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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-Jun-15 RO	30-Jun-14 RO
Revenue		
Fuel sales to filling stations owned by directors	17,990,839	9,727,232
Fuel sales to commercial customers related to directors	26,213,873	16,141,650
Fuel sales to Joint Venture	1,617,399	1,014,944
Costs		
Fuel Purchases from related parties	163,255,822	150,089,341
Brand royalty	160,402	147,969
Remuneration to directors	88,200	88,200
Directors' sitting fees	11,600	12,800
Net interest paid to related parties	24,561	9,453
Balances		
Bank balances	89,437	145,138
Due from related parties	2,824,034	1,038,479
Due to related parties	28,953,249	27,404,667

17) Staff cost

	30-Jun-15 RO	30-Jun-14 RO
Wages, salaries and allowances	2,540,837	2,315,620
End of service benefits	-	21,700
Social security costs	150,896	77,321
Other employee benefits	180,897	137,253
	<u>2,872,630</u>	<u>2,551,894</u>

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18) Operating & other expenses

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

	30-Jun-15	30-Jun-14
	RO	RO
Operating leases	1,287,100	1,228,617
Ministry of Commerce & Industry license fee	731,673	674,803
Brand Royalty payable to Parent company	160,402	147,969
Director's remuneration	88,200	88,200
Board sitting fee	11,600	12,800
Tax consultant fee	1,792	2,368
Audit and professional fee	4,500	6,852
Provision / (Write back) for doubtful debts	336,883	139,011

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.