

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	-	-	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
At 1 January 2015	17,780,737	36,282,570	7,328,756	61,392,063
Additions	-	-	3,321,139	3,321,139
Transfers	2,654,189	3,608,054	(6,262,243)	-
Disposals	(42,073)	(134,410)		(176,483)
As at 30 September 2015	20,392,853	39,756,214	4,387,652	64,536,719
Depreciation				
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
At 1 January 2015	4,107,290	21,998,608	-	26,105,898
Charge for the period	670,053	2,399,297	-	3,069,350
Disposals	(15,337)	(117,780)	-	(133,117)
As at 30 September 2015	4,762,006	24,280,125	-	29,042,131
Carrying amount				
As at 30 September 2014	13,098,124	13,442,432	5,803,128	32,343,684
As at 30 September 2015	15,630,847	15,476,089	4,387,652	35,494,588

OMAN OIL MARKETING COMPANY SAOG

Notes to the unaudited financial statements

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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-Sep-15 RO	30-Sep-14 RO
Net assets	432,672	140,220
Company's share in Net assets of the Joint Venture	216,336	70,110
(Loss)/Profit from Joint venture for the period	(686,000)	(37,602)
Company's share of (Loss)/Profit from the Joint Venture	(343,000)	(18,801)

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-Sep-15 RO	30-Sep-14 RO
Total assets	11,754,066	8,981,592
Total liabilities	(2,577,233)	(2,165,675)
Net assets	9,176,833	6,815,917
Company's share in Net assets of the Associate	842,158	625,497
Company's Cost of Investment	2,449,038	2,421,773
Share of profit from Associate	101,974	110,912
Dividend Received	(110,126)	(110,126)
Carrying value of Investment in Associate	2,440,886	2,422,559
Income	7,041,875	5,132,012
Expense	(5,931,045)	(4,244,284)
Profit of Associate for the period	1,110,830	887,728
Company's share in profit of the Associate	101,974	110,912

3) Investment in Associate -Continue

Lubchem International Industry LLC

This represents a 40% non controlling interest in Lubchem International Industry LLC "LI". 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-AI-Khaimah, which is engaged in lubricant and grease manufacturing and chemical blending.

Two representative from OOMCO management have been appointed to the Board of "LI", which deemed to have given the power to participate in the financial and operating policy decisions of "LI". Further, the Company intends to hold this investment for an indefinite period of time and above qualifies "LI" investment to be recognised as an Associate.

	30-Sep-15	30-Sep-14
	RO	RO
Company's Cost of Investment	156,836	156,836
Shareholder Loans reclassified (Pending Share Allotment)	538,328	-
Share of profit from Associate	(79,444)	-
Carrying value of Investment in Associate	<u>615,720</u>	<u>156,836</u>
Loss from the Associate	(198,609)	-
Company's share in loss of the Associate	<u>(79,444)</u>	<u>-</u>

4) Inventories

	30-Sep-15	30-Sep-14
	RO	RO
Oil and lubricants	5,637,526	6,815,196
Stores and spares	7,498	7,498
Less: allowance for slow moving and obsolete inventory	(85,000)	(15,000)
	<u>5,560,024</u>	<u>6,807,694</u>

5) Trade and other receivables

	30-Sep-15	30-Sep-14
	RO	RO
Trade receivables	40,785,455	34,961,317
Less: allowance for impaired debts	(1,054,667)	(922,911)
	<u>39,730,788</u>	<u>34,038,406</u>
Amounts due from related parties (Note-16)	2,745,734	1,038,479
Other receivables	688,128	1,566,304
Prepaid expenses	2,666,035	2,188,046
	<u>45,830,685</u>	<u>38,831,235</u>

6) Cash and cash equivalents

	30-Sep-15	30-Sep-14
	RO	RO
Cash in hand	67,958	69,711
Cash at bank	29,672,280	33,812,617
	<u>29,740,238</u>	<u>33,882,328</u>

OMAN OIL MARKETING COMPANY SAOG

Notes to the unaudited financial statements

(Forming part of the financial statements)



7) Share capital

	Number of shares	
	30-Sep-15	30-Sep-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-Sep-15	30-Sep-14
	RO	RO
Balance at 1 January	303,925	336,117
Accrued during the period	-	31,648
End of service benefits paid	-	(12,188)
Balance as at 30 September	<u>303,925</u>	<u>355,577</u>

10) Provision for site restoration and abandonment cost

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

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

	30-Sep-15	30-Sep-14
	RO	RO
Trade payables	2,931,341	6,638,837
Due to related parties (Note-16)	26,990,306	28,746,411
Accrued expenses	8,799,733	9,668,747
Directors' remuneration provision	132,300	132,300
	<u>38,853,680</u>	<u>45,186,295</u>

12) Bank borrowings

	30-Sep-15	30-Sep-14
	RO	RO
Short Term loan	20,000,000	15,000,000
Term loan I	1,975,971	3,187,543
	<u>21,975,971</u>	<u>18,187,543</u>
Current portion		
Short Term loan	20,000,000	15,000,000
Term loan I	1,321,714	1,319,572
	<u>21,321,714</u>	<u>16,319,572</u>
Non-current portion		
Term loan I	654,257	1,867,971
	<u>654,257</u>	<u>1,867,971</u>

Long term Loans -

The long term loan (I) 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-Sep-15	30-Sep-14
	RO	RO
Current liability:		
Current period	1,210,412	1,120,729
Prior years	71,332	69,854
	<u>1,281,744</u>	<u>1,190,583</u>
Comprehensive Income Statement		
Current period	1,210,412	1,120,729
Reversal of excess tax provision relating to earlier years	-	-
Deferred tax relating to origination and reversal of temporary	-	-
	<u>1,210,412</u>	<u>1,120,729</u>
Deferred tax asset:		
At 1 January	213,911	150,450
Movement for the period	-	-
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

	30-Sep-15	30-Sep-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)	-
Balance as at 30 September	<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-Sep-15	30-Sep-14
	RO	RO
Interest expenses	(125,186)	(145,511)
Interest income	200,623	169,901
	<u>75,437</u>	<u>24,390</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-Sep-15	30-Sep-14
	RO	RO
Revenue		
Fuel sales to filling stations owned by directors	20,409,579	12,066,008
Fuel sales to commercial customers related to directors	28,194,151	18,551,452
Fuel sales to Joint Venture	1,765,773	1,110,364
Costs		
Fuel Purchases from related parties	243,991,370	233,811,791
Brand royalty	244,070	232,923
Remuneration to directors	132,300	132,300
Directors' sitting fees	21,000	18,700
Net interest paid to related parties	34,753	5,400
Balances		
Bank balances	132,344	145,138
Due from related parties	2,745,734	1,038,479
Due to related parties	26,990,306	28,746,411

17) Staff cost

	30-Sep-15	30-Sep-14
	RO	RO
Wages, salaries and allowances	4,121,957	3,672,844
End of service benefits	-	31,648
Social security costs	230,258	144,590
Other employee benefits	224,388	172,102
	<u>4,576,603</u>	<u>4,021,184</u>

OMAN OIL MARKETING COMPANY SAOG

Notes to the unaudited financial statements

(Forming part of the financial statements)



18) Operating & other expenses

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

	30-Sep-15 RO	30-Sep-14 RO
Operating leases	1,867,173	1,891,294
Ministry of Commerce & Industry license fee	1,111,876	1,061,690
Brand Royalty payable to Parent company	244,070	232,923
Director's remuneration	132,300	132,300
Board sitting fee	21,000	18,700
Tax consultant fee	5,485	2,368
Audit and professional fee	6,750	9,102
Provision / (Write back) for doubtful debts	300,745	42,631

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.