

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 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)	(65,675)		(94,652)
As at 30 June 2015	17,751,760	36,265,144	9,661,701	63,678,605
At 1 January 2016	20,613,145	39,556,199	5,384,971	65,554,315
Additions	-	-	5,627,767	5,627,767
Transfers	(1,747)	(2,583)	4,330	-
Disposals	(7,257)	(382,046)		(389,303)
As at 30 June 2016	20,604,141	39,171,570	11,017,068	70,792,779
Depreciation				
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
At 1 January 2016	4,989,986	24,725,289	-	29,715,275
Charge for the period	524,249	1,643,853	-	2,168,102
Disposals	(4,301)	(344,325)	-	(348,626)
Derecognition of Site Restoration		-		-
As at 30 June 2016	5,509,934	26,024,817	-	31,534,751
Carrying amount				
As at 30 June 2015	13,067,378	12,747,667	9,661,701	35,476,746
As at 30 June 2016	15,094,207	13,146,753	11,017,068	39,258,028

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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-16 RO	30-Jun-15 RO
Net assets	(593,328)	738,671
Net carrying value of Investment.	(84,000)	369,336
(Loss)/Profit from Joint venture for the period	(660,000)	(380,000)
Company's share of (Loss)/Profit from the Joint Venture	(330,000)	(190,000)

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-16 RO	30-Jun-15 RO
Total assets	10,977,861	9,867,766
Total liabilities	(1,886,493)	(3,132,416)
Net assets	9,091,368	6,735,350
Company's share in Net assets of the Associate	834,315	618,103
Company's Cost of Investment	2,463,773	2,449,038
Share of profit from Associate	53,825	61,714
Dividend Received	(96,361)	(110,126)
Carrying value of Investment in Associate	2,421,237	2,400,626
Income	4,675,860	4,677,540
Expense	(4,089,536)	(4,005,274)
Profit of Associate for the period	586,324	672,266
Company's share in profit of the Associate	53,825	61,714

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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-16	30-Jun-15
	RO	RO
Carrying value of Investment in Associate	613,590	400,298

4) Inventories

	30-Jun-16	30-Jun-15
	RO	RO
Oil and lubricants	6,848,425	6,815,894
Stores and spares	7,498	7,498
Less: allowance for slow moving and obsolete inventory	(188,500)	(15,000)
	<u>6,667,423</u>	<u>6,808,392</u>

5) Trade and other receivables

	30-Jun-16	30-Jun-15
Trade receivables	44,533,088	37,158,370
Less: allowance for impaired debts	(1,042,634)	(1,090,806)
	<u>43,490,454</u>	<u>36,067,564</u>
Amounts due from related parties (Note-16)	3,379,649	2,824,034
Other receivables	1,550,565	483,927
Prepaid expenses	1,813,447	2,211,772
	<u>50,234,115</u>	<u>41,587,297</u>

6) Cash and cash equivalents

	30-Jun-16	30-Jun-15
	RO	RO
Cash in hand	77,066	65,778
Cash at bank	33,973,629	29,386,151
	<u>34,050,695</u>	<u>29,451,929</u>
Less: Deposits classified under non current assets	(7,000,000)	-
Net cash and cash equivalents for the statement of cash flow	<u>27,050,695</u>	<u>29,451,929</u>

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7) Share capital

	Number of shares	
	30-Jun-16	30-Jun-15
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-16	30-Jun-15
	RO	RO
Balance at 1 January	260,379	303,925
Accrued during the period	50,402	-
End of service benefits paid	(36,407)	-
Balance as at 30 June	<u>274,374</u>	<u>303,925</u>

10) Provision for site restoration and abandonment cost

	RO	RO
Balance at 1 January	-	581,007
Unwind of discount (included in finance costs)	-	7,470
Balance as at 30 June	<u>-</u>	<u>588,477</u>

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

	30-Jun-16	30-Jun-15
	RO	RO
Trade payables	3,256,484	2,568,747
Due to related parties (Note-16)	33,543,485	28,953,249
Accrued expenses & others	6,972,266	7,424,190
Directors' remuneration provision	88,200	88,200
	<u>43,860,435</u>	<u>39,034,386</u>

12) Bank borrowings

	30-Jun-16	30-Jun-15
	RO	RO
Short Term loan	20,000,000	20,000,000
Term loan	7,531,019	2,196,256
	<u>27,531,019</u>	<u>22,196,255</u>
Current portion		
Short Term loan	20,000,000	20,000,000
Term loan	2,615,893	1,321,714
	<u>22,615,893</u>	<u>21,321,714</u>
Non-current portion		
Term loan	4,915,126	874,542
	<u>4,915,126</u>	<u>874,542</u>

Long term Loans -

The long term loan is unsecured and carries interest at commercial rates.

13) Income tax

	30-Jun-16	30-Jun-15
	RO	RO
Current liability:		
Current period	685,110	753,802
Prior years	62,896	71,332
	<u>748,006</u>	<u>825,134</u>
Comprehensive Income Statement		
Current period	685,110	753,802
Reversal of excess tax provision relating to earlier years	-	-
Deferred tax relating to origination and reversal of temporary	-	-
	<u>685,110</u>	<u>753,802</u>
Deferred tax asset:		
At 1 January	213,911	213,911
Movement for the period	-	-
At end of the period	<u>213,911</u>	<u>213,911</u>
The deferred tax asset comprises the following differences		
Provision and other charges	235,301	235,301
Property and other equipment	(21,390)	(21,390)
	<u>213,911</u>	<u>213,911</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.

14) Environmental provision

	30-Jun-16	30-Jun-15
	RO	RO
Movement in the provision is as follows:		
Balance at 1 January	318,845	626,765
Utilized	-	(34,920)
Balance as at 30 June	<u>318,845</u>	<u>591,845</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-16	30-Jun-15
	RO	RO
Interest expenses	(233,705)	(85,124)
Interest income	310,970	116,305
	<u>77,265</u>	<u>31,181</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-Jun-16	30-Jun-15
Balance as at 31 June		
Fuel sales to filling stations owned by directors	5,469,304	3,091,582
Fuel sales to commercial customers related to directors	6,375,994	3,482,047
Fuel sales to Joint Venture	181,322	215,202
Costs		
Fuel Purchases from related parties	177,282,261	163,255,822
Brand royalty	175,647	160,402
Remuneration to directors	88,200	88,200
Directors' sitting fees	18,900	11,600
Net interest paid to related parties	28,014	24,561
Balances		
Bank balances	339,549	89,437
Due from related parties	3,379,649	2,824,034
Due to related parties	33,543,485	28,953,249

17) Staff cost

	30-Jun-16	30-Jun-15
	RO	RO
Wages, salaries and allowances	2,990,453	2,540,837
End of service benefits	50,402	-
Social security costs	166,155	150,896
Other employee benefits	193,634	180,897
	<u>3,400,644</u>	<u>2,872,630</u>

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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-Jun-16 RO	30-Jun-15 RO
Operating leases	2,067,699	1,287,100
Ministry of Commerce & Industry license fee	797,927	731,673
Brand Royalty payable to Parent company	175,647	160,402
Director's remuneration provision	88,200	88,200
Board sitting fee	18,900	11,600
Tax consultant fee	-	1,792
Audit and professional fee provision	4,500	4,500
Provision for doubtful debts	280,278	336,883

19) Corresponding figures

The corresponding figures included for comparative purposes have been reclassified to conform to the presentation in the current period.