

## OMAN OIL MARKETING COMPANY SAOG

### 1) Notes to the unaudited financial statements

(Forming part of the financial statements)



#### Property, plant and equipment

	Buildings RO	Plant, equipment and and vehicles RO	Assets under construction RO	Total RO
<b>Balance at 1 January 2010, net of accumulated depreciation</b>	<b>5,824,477</b>	<b>11,198,140</b>	<b>1,104,739</b>	<b>18,127,356</b>
Additions	-	8,934	2,808,645	2,817,579
Transfers	138,800	954,652	(1,093,452)	0
Disposals	(22,540)	(133,406)	-	(155,946)
Depreciation for the period	(269,796)	(1,523,952)	-	(1,793,748)
<b>Balance at 30 Sep 2010, net of accumulated depreciation</b>	<b>5,670,941</b>	<b>10,504,368</b>	<b>2,819,932</b>	<b>18,995,241</b>
Property, plant and equipment:				
Cost	7,324,365	21,743,566	2,819,932	31,887,863
Accumulated depreciation	(1,653,424)	(11,239,198)	-	(12,892,622)
Net carrying amount	<b>5,670,941</b>	<b>10,504,368</b>	<b>2,819,932</b>	<b>18,995,241</b>

### 2) Investment in Associates

#### Details of the Group Associate are as follows

Name of Associate	Principal Activity	Place of incorporation & Operation	Equity Interest	
Omanoil Matrix Marine LLC	Provision of bunker Services	Oman	<u>2010</u> 50%	<u>2009</u> -

The Associate Company was incorporated on 28th Apr 2010

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#### 3) Inventories

	30/09/2010 RO	30/09/2009 RO	31/12/2009 RO
Oil and lubricants	2,980,882	4,166,338	5,428,926
Stores	7,497	7,497	7,497
Provision for slow moving stock	(80,725)	(27,500)	(155,000)
	<u>2,907,654</u>	<u>4,146,335</u>	<u>5,281,423</u>

#### 4) Accounts receivable and prepayments

	30/09/2010 RO	30/09/2009 RO	31/12/2009 RO
Trade receivables	22,048,518	18,886,249	16,728,345
Less: impairment provision	(1,119,816)	(995,167)	(839,907)
	<u>20,928,702</u>	<u>17,891,082</u>	<u>15,888,438</u>
Amounts due from related parties	394,717	551,020	438,959
Other receivables	344,440	487,897	530,736
Prepaid expenses	914,595	915,036	1,052,815
	<u>22,582,454</u>	<u>19,845,035</u>	<u>17,910,949</u>

#### Accounts receivable and prepayments

Changes to the level of impairment provision for trade accounts receivable during the period are as follows

	30/09/2010 RO	30/09/2009 RO	31/12/2009 RO
Balance at 1 January	839,907	822,668	822,668
Writeback/Provided during the year	284,996	177,412	23,071
Written off during the year - net	(5,087)	(4,913)	(5,832)
	<u>1,119,816</u>	<u>995,167</u>	<u>839,907</u>

#### 5) Number of Shares

	30/09/2010 Number of shares	30/09/2009 Number of shares	31/12/2009 Number of shares
3,225,000 Multi-vote shares of RO 0.1 each	3,225,000	3,225,000	3,225,000
61,275,000 Ordinary shares of RO 0.1 each	61,275,000	61,275,000	61,275,000
	<u>64,500,000</u>	<u>64,500,000</u>	<u>64,500,000</u>

	30/09/2010 Number of shares	30/09/2009 Number of shares	31/12/2009 Number of shares
At 31 December 2009 the Company had			
Oman Oil Company SAOC – Multi-vote shares	3,225,000	3,225,000	3,225,000
– Ordinary shares	28,380,000	28,380,000	28,380,000
Included in the Company's operating revenue and	<u>31,605,000</u>	<u>31,605,000</u>	<u>31,605,000</u>

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#### 6) Employee's end of service benefits

	30/09/2010 RO	30/09/2009 RO	31/12/2009 RO
Movements in the liability recognised in the balance sheet are as follows:			
Accrual as at 1 January	178,265	210,839	210,839
Accrued during the year	36,083	18,068	22,238
End of service benefits paid / adjustment	(19,589)	(54,811)	(54,812)
Accrual as at 30 Sep	<u>194,759</u>	<u>174,096</u>	<u>178,265</u>

#### 7) Accounts payable and accruals

	30/09/2010 RO	30/09/2009 RO	31/12/2009 RO
Trade accounts payable	16,079,718	13,025,303	14,739,155
Accrued expenses	5,893,207	2,725,850	3,542,777
Directors' remuneration	60,750	56,025	74,700
Other payables	149,310	317,555	
Dividends payables	0	0	
	<u>22,182,985</u>	<u>16,124,733</u>	<u>18,356,632</u>

#### 8) Income tax

	30/09/2010 RO	30/09/2009 RO	31/12/2009 RO
<i>Current liability:</i>			
Current year	666,490	510,280	785,777
Prior years	88,246	78,160	44,383
	<u>754,736</u>	<u>588,440</u>	<u>830,160</u>
<i>Income statement:</i>			
Current year	666,490	510,280	785,777
Reversal of excess tax provision relating to earlier years	0	0	(33,777)
Deferred tax asset relating to the origination and reversal of temporary differences	0	0	(13,769)
	<u>666,490</u>	<u>510,280</u>	<u>738,231</u>
<i>Deferred tax liability/Asset:</i>			
At 1 January	4,331	(9,438)	(9,438)
Movement for the period	0	0	13,769
At 30 Sep	<u>4,331</u>	<u>(9,438)</u>	<u>4,331</u>

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#### 9) Environmental provision

	30/09/2010	30/09/2009	31/12/2009
	RO	RO	RO
Balance as at 1 January	480,807	526,372	526,372
Provided during the period	19,895	3,050	12,200
Utilised	(21,695)	(48,615)	(57,765)
	<u>479,007</u>	<u>480,807</u>	<u>480,807</u>

#### 10) Employee costs

	30/09/2010	30/09/2009	31/12/2009
	RO	RO	RO
Wages and salaries	(1,117,861)	(1,009,420)	(1,359,671)
Other benefits	(1,352,081)	(1,085,705)	(1,425,594)
Contributions to a defined contribution retirement plan	(81,478)	(76,308)	(102,892)
Increase in liability for unfunded defined benefits retirement plan	(36,083)	(18,068)	(22,238)
	<u>(2,587,503)</u>	<u>(2,189,501)</u>	<u>(2,910,394)</u>

#### 11) Net finance (charges) income

	30/09/2010	30/09/2009	31/12/2009
	RO	RO	RO
Interest expense	(49,709)	(98,608)	(122,548)
Interest income	106,815	16,964	38,645
	<u>57,106</u>	<u>(81,644)</u>	<u>(83,904)</u>

#### 12) Weighted average earnings per share

	30/09/2010	30/09/2009	31/12/2009
	RO	RO	RO
Net profit for the year after deducting Directors' remuneration	4,887,593	3,742,057	5,360,084
Weighted average number of shares outstanding during the period	64,500,000	64,500,000	64,500,000
	<u>0.076</u>	<u>0.058</u>	<u>0.083</u>

### **13) Legal reserves**

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.

### **14) Reconciliation of cash**

For the purpose of statement of cash flows, cash includes bank balance and cash.

### **15) Short term loan**

The loan is repayable within one year of the balance sheet date. The loan is unsecured and carried interest at current market rates.

### **16) Segmental information**

The company's operating revenues arise primarily from the marketing and distribution of petroleum products only in Oman.

### **17) Contingencies**

At 31 December 2009 the Company had contingent liabilities in respect of guarantees and other matters arising in the ordinary course of business, from which it is anticipated that no material liabilities will arise, amounting to RO 894,045 (2008 : RO 424,372).

Included in the Company's operating revenue and cost of sales are amounts of RO 251,088 and RO 251,088 (2009 full year: 691,214 and RO 608,8 respectively which are under discussion with the relevant Ministries, customers and a supplier in Oman. The company has recognised sales and the corresponding liability. In the event that the outcome is not in the Company's interest, the potential impact to the Company's profit after tax is approximately RO 69,134.

During the year, a supplier has charged the Company an amount of RO 332,419 for the difference in prices pertaining to the period from August 2008 to May 2009 which is not recognised by the Company as management considers that the claim is not tenable based on a legal opinion.