

OMAN OIL MARKETING COMPANY SAOG



1) Notes to the unaudited financial statements

(Forming part of the financial statements)

Property, plant and equipment				
	Buildings	Plant, equipment and and vehicles	Assets under construction	Total
	RO	RO	RO	RO
Balance at 1 January 2011, net of accumulated depreciation	5,937,862	10,796,820	3,111,046	19,845,728
Additions	-	29,037	2,864,408	2,893,445
Transfers	842,398	1,736,803	(2,579,201)	0
Disposals	0	0	-	0
Depreciation for the period	(216,175)	(1,172,257)	-	(1,388,432)
Balance at 30 Jun 2011, net of accumulated depreciation	6,564,085	11,390,403	3,396,253	21,350,741
Property, plant and equipment:				
Cost	8,542,447	24,376,441	3,396,253	36,315,141
Accumulated depreciation	(1,978,362)	(12,986,038)	-	(14,964,400)
Net carrying amount	6,564,085	11,390,403	3,396,253	21,350,741

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2) Inventories	30/06/2011	30/06/2010	31/12/2010
	RO	RO	RO
Oil and lubricants	4,190,046	4,716,474	2,982,315
Stores	7,497	7,497	7,497
Provision for slow moving stock	(15,000)	(88,000)	(45,000)
	<u>4,182,543</u>	<u>4,635,971</u>	<u>2,944,812</u>
	<u><u>4,182,543</u></u>	<u><u>4,635,971</u></u>	<u><u>2,944,812</u></u>
3) Accounts receivable and prepayments	30/06/2011	30/06/2010	31/12/2010
	RO	RO	RO
Trade receivables	25,398,506	22,540,329	20,261,334
Less : impairment provision	(706,180)	(847,452)	(751,144)
	<u>24,692,326</u>	<u>21,692,878</u>	<u>19,510,190</u>
Amounts due from related parties	453,809	378,239	661,729
Other receivables	414,938	410,390	422,544
Prepaid expenses	1,240,013	989,570	1,217,698
	<u>26,801,087</u>	<u>23,471,077</u>	<u>21,812,161</u>
	<u><u>26,801,087</u></u>	<u><u>23,471,077</u></u>	<u><u>21,812,161</u></u>
Accounts receivable and prepayments			
Changes to the level of impairment provision for trade accounts receivable during the period are as follows			
	30/06/2011	30/06/2010	31/12/2010
	RO	RO	RO
Balance at 1 January	751,144	839,907	839,907
Writeback/Provided during the year	41,489	12,492	(2,683)
Written off during the year - net	(86,453)	(4,948)	(86,080)
	<u>706,180</u>	<u>847,452</u>	<u>751,144</u>
	<u><u>706,180</u></u>	<u><u>847,452</u></u>	<u><u>751,144</u></u>
4) Number of Shares	30/06/2011	30/06/2010	31/12/2010
	Number of shares	Number of shares	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>
	<u><u>64,500,000</u></u>	<u><u>64,500,000</u></u>	<u><u>64,500,000</u></u>
	30/06/2011	30/06/2010	31/12/2010
	Number of shares	Number of shares	Number of shares
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
	<u>31,605,000</u>	<u>31,605,000</u>	<u>31,605,000</u>
	<u><u>31,605,000</u></u>	<u><u>31,605,000</u></u>	<u><u>31,605,000</u></u>

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Notes to the unaudited financial statements

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5) Employee's end of service benefits


	30/06/2011 RO	30/06/2010 RO	31/12/2010 RO
Movements in the liability recognised in the balance sheet are as follows:			
Accrual as at 1 January	187,717	178,265	178,265
Accrued during the year	21,527	14,102	42,005
End of service benefits paid / adjustment	(0)	(19,589)	(32,553)
Accrual as at 31 March/December	<u>209,244</u>	<u>172,778</u>	<u>187,717</u>

6) Accounts payable and accruals

	30/06/2011 RO	30/06/2010 RO	31/12/2010 RO
Trade accounts payable	21,556,005	17,569,019	17,977,752
Accrued expenses	6,087,956	4,654,330	7,557,097
Directors' remuneration	90,000	40,500	81,000
Other payables	164,933	163,118	0
Dividends payables	0	0	0
	<u>27,898,894</u>	<u>22,426,968</u>	<u>25,615,849</u>

7) Income tax

	30/06/2011 RO	30/06/2010 RO	31/12/2010 RO
<i>Current Assets:</i>			
Current year	566,000	452,781	961,977
Prior years	108,515	88,246	88,244
	<u>674,515</u>	<u>541,027</u>	<u>1,050,221</u>
<i>Income statement:</i>			
Current year	566,000	452,781	961,977
Reversal of excess tax provision relating to earlier years	0	0	(5,445)
Deferred tax asset relating to the origination and reversal of temporary differences	0	0	0
	<u>566,000</u>	<u>452,781</u>	<u>956,532</u>
<i>Deferred tax assets:</i>			
At 1 January	9,776	4,331	4,331
Movement for the period	0	0	5,445
At 30 June/December	<u>9,776</u>	<u>4,331</u>	<u>9,776</u>

OMAN OIL MARKETING COMPANY SAOG			
Notes to the unaudited financial statements			
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8) Environmental provision			
	30/06/2011	30/06/2010	31/12/2010
	RO	RO	RO
Balance as at 1 January	479,007	480,807	480,807
Provided during the period	12,750	16,295	22,945
Utilised	(12,750)	(18,095)	(24,745)
	<u>479,007</u>	<u>479,007</u>	<u>479,007</u>
Balance as at 31 June/December	<u>479,007</u>	<u>479,007</u>	<u>479,007</u>
	<u><u>479,007</u></u>	<u><u>479,007</u></u>	<u><u>479,007</u></u>
9) Employee costs			
	30/06/2011	30/06/2010	31/12/2010
	RO	RO	RO
Wages and salaries	(812,236)	(746,317)	(1,509,219)
Other benefits	(948,122)	(877,461)	(1,890,944)
Contributions to a defined contribution retirement plan	(57,490)	(53,924)	(109,177)
Increase in liability for unfunded defined benefits retirement plan	(21,527)	(14,102)	(42,005)
	<u>(1,839,376)</u>	<u>(1,691,804)</u>	<u>(3,551,345)</u>
	<u><u>(1,839,376)</u></u>	<u><u>(1,691,804)</u></u>	<u><u>(3,551,345)</u></u>
10) Net finance (charges) income			
	30/06/2011	30/06/2010	31/12/2010
	RO	RO	RO
Interest expense	(38,469)	(37,584)	(69,918)
Interest income	84,015	54,517	168,570
	<u>45,546</u>	<u>16,933</u>	<u>98,652</u>
Net finance (charges) income	<u>45,546</u>	<u>16,933</u>	<u>98,652</u>
	<u><u>45,546</u></u>	<u><u>16,933</u></u>	<u><u>98,652</u></u>
11) Weighted average earnings per share			
	30/06/2011	30/06/2010	31/12/2010
	RO	RO	RO
Net profit for the year after deducting Directors' remuneration	4,148,283	3,320,396	6,862,084
	<u>64,500,000</u>	<u>64,500,000</u>	<u>64,500,000</u>
Weighted average number of shares outstanding during the period	64,500,000	64,500,000	64,500,000
	<u>0.064</u>	<u>0.051</u>	<u>0.106</u>
Weighted average earnings per share	0.064	0.051	0.106

12) 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.			
13) Reconciliation of cash			
For the purpose of statement of cash flows, cash includes bank balance and cash.			
14) loans			
The STL loan is repayable within one year of the balance sheet date. The loan is unsecured and carried interest at current market rates. The long term loan is also unsecured and carried interest at current market rates.			
15) Segmental information			
The company's operating revenues arise primarily from the marketing and distribution of petroleum products only in Oman.			
16) Contingencies			
At 31 December 2010 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 786,493 (2009 : RO 894,045).			
During the year 2009, a supplier has charged the Company an amount of RO 332,419 for the difference in prices pertaining to the period from August 2007 to May 2009 which is not recognised by the Company as management considers that the claim is not tenable based on a legal opinion.			
17) 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.			
Summarized Financial Information of the Joint Venture at the end of the reporting period is as follows:			
		OMR	
		JUN	DEC
		2011	2010
Total assets		417,342	193,525
Total liabilities		(275,437)	(48,392)
Net assets		141,905	145,133
Company's share in Net assets of the Joint Venture		70,953	72,566
Profit / (Loss) of Joint venture for the period		(3,230)	(4,867)
Company's share in loss of the Joint Venture		(1,615)	(2,434)