

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 vehicles RO	Assets under construction RO	Total RO
Balance at 1 January 2010, net of accumulated depreciation	5,824,477	11,198,140	1,104,737	18,127,354
Additions	-	4,467	1,692,741	1,697,208
Transfers	138,800	922,942	(1,061,742)	0
Disposals	(22,540)	(133,406)	-	(155,946)
Depreciation for the period	(178,698)	(1,023,849)	-	(1,202,547)
Balance at 30 Jun 2010, net of accumulated depreciation	5,762,039	10,968,294	1,735,736	18,466,069
Property, plant and equipment:				
Cost	7,324,364	21,707,389	1,735,736	30,767,489
Accumulated depreciation	(1,562,325)	(10,739,095)	-	(12,301,420)
Net carrying amount	5,762,039	10,968,294	1,735,736	18,466,069

2) Investment in Associates

Details of the Group Associate are as follows

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

The Associate Company was incorporated on 28th Apr 2010 and has not commenced any operations.

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3) Inventories

	30/06/2010 RO	30/06/2009 RO	31/12/2009 RO
Oil and lubricants	4,716,474	4,840,649	5,428,926
Stores	7,497	7,497	7,497
Provision for slow moving stock	(88,000)	(67,000)	(155,000)
	<u>4,635,971</u>	<u>4,781,146</u>	<u>5,281,423</u>

4) Accounts receivable and prepayments

	30/06/2010 RO	30/06/2009 RO	31/12/2009 RO
Trade receivables	22,540,329	16,408,206	16,728,345
Less: impairment provision	(847,452)	(945,677)	(839,907)
	<u>21,692,878</u>	<u>15,462,529</u>	<u>15,888,438</u>
Amounts due from related parties	378,239	551,020	438,959
Other receivables	410,390	96,963	530,736
Prepaid expenses	989,570	1,176,116	1,052,815
	<u>23,471,077</u>	<u>17,286,628</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

	30/06/2010 RO	30/06/2009 RO	31/12/2009 RO
Balance at 1 January	839,907	822,668	822,668
Writeback/Provided during the year	12,492	126,439	23,071
Written off during the year - net	(4,948)	(3,430)	(5,832)
	<u>847,452</u>	<u>945,677</u>	<u>839,907</u>

5) Number of Shares

	30/06/2010 Number of shares	30/06/2009 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>
	30/06/2010 Number of shares	30/06/2009 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	<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

	30/06/2010 RO	30/06/2009 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	14,102	14,473	22,238
End of service benefits paid / adjustment	(19,589)	(54,811)	(54,812)
Accrual as at 30 June/December	<u>172,778</u>	<u>170,501</u>	<u>178,265</u>

7) Accounts payable and accruals

	30/06/2010 RO	30/06/2009 RO	31/12/2009 RO
Trade accounts payable	17,569,019	13,543,135	14,739,155
Accrued expenses	4,654,330	2,599,292	3,542,777
Directors' remuneration	40,500	37,350	74,700
Other payables	163,118	312,318	
Dividends payables	0	0	
	<u>22,426,968</u>	<u>16,492,095</u>	<u>18,356,632</u>

8) Income tax

	30/06/2010 RO	30/06/2009 RO	31/12/2009 RO
<i>Current liability:</i>			
Current year	452,781	297,940	785,777
Prior years	88,246	78,160	44,383
	<u>541,027</u>	<u>376,100</u>	<u>830,160</u>
<i>Income statement:</i>			
Current year	452,781	297,940	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>452,781</u>	<u>297,940</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 June/December	<u>4,331</u>	<u>(9,438)</u>	<u>4,331</u>

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9) Environmental provision

	30/06/2010	30/06/2009	31/12/2009
	RO	RO	RO
Balance as at 1 January	480,807	526,372	526,372
Provided during the period	16,295	1,525	12,200
Utilised	(18,095)	(47,090)	(57,765)
	<u>479,007</u>	<u>480,807</u>	<u>480,807</u>

10) Employee costs

	30/06/2010	30/06/2009	31/12/2009
	RO	RO	RO
Wages and salaries	(746,317)	(665,913)	(1,359,671)
Other benefits	(877,461)	(750,734)	(1,425,594)
Contributions to a defined contribution retirement plan	(53,924)	(50,199)	(102,892)
Increase in liability for unfunded defined benefits retirement plan	(14,102)	(14,473)	(22,238)
	<u>(1,691,804)</u>	<u>(1,481,319)</u>	<u>(2,910,394)</u>

11) Net finance (charges) income

	30/06/2010	30/06/2009	31/12/2009
	RO	RO	RO
Interest expense	(37,584)	(69,759)	(122,548)
Interest income	54,517	11,833	38,645
	<u>16,933</u>	<u>(57,926)</u>	<u>(83,904)</u>

12) Weighted average earnings per share

	30/06/2010	30/06/2009	31/12/2009
	RO	RO	RO
Net profit for the year after deducting Directors' remuneration	3,320,396	2,184,891	5,360,084
Weighted average number of shares outstanding during the period	64,500,000	64,500,000	64,500,000
Weighted average earnings per share	0.051	0.034	0.083

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 608,80 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 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.