

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	4,282,942	4,311,979
Transfers	1,433,274	3,835,553	(5,268,827)	0
Disposals	0	(2,277)	-	(2,277)
Depreciation for the period	(331,704)	(1,791,981)	-	(2,123,685)
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Balance at 30 Sep 2011, net of accumulated depreciation	7,039,432	12,867,152	2,125,161	22,031,745
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Property, plant and equipment:				
Cost	9,133,322	26,398,926	2,125,160	37,657,408
Accumulated depreciation	(2,093,891)	(13,531,772)	-	(15,625,663)
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Net carrying amount	7,039,431	12,867,154	2,125,160	22,031,745
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2) Inventories

	30/09/2011 RO	30/09/2010 RO	31/12/2010 RO
Oil and lubricants	3,670,723	2,980,882	2,982,315
Stores	7,498	7,497	7,497
Provision for slow moving stock	(15,000)	(80,725)	(45,000)
	<u>3,663,221</u>	<u>2,907,654</u>	<u>2,944,812</u>

3) Accounts receivable and prepayments

	30/09/2011 RO	30/09/2010 RO	31/12/2010 RO
Trade receivables	24,640,143	22,048,518	20,261,334
Less : impairment provision	(561,306)	(1,119,816)	(751,144)
	<u>24,078,837</u>	<u>20,928,702</u>	<u>19,510,190</u>
Amounts due from related parties	440,048	394,717	661,729
Other receivables	318,667	344,440	422,544
Prepaid expenses	826,112	914,595	1,217,698
	<u>25,663,664</u>	<u>22,582,454</u>	<u>21,812,161</u>

Accounts receivable and prepayments

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

	30/09/2011 RO	30/09/2010 RO	31/12/2010 RO
Balance at 1 January	751,144	839,907	839,907
Writeback/Provided during the year	(91,772)	284,996	(2,683)
Written off during the year - net	(98,066)	(5,087)	(86,080)
	<u>561,306</u>	<u>1,119,816</u>	<u>751,144</u>

4) Number of Shares

	30/09/2011 Number of shares	30/09/2010 Number of shares	31/12/2010 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>

	30/09/2011 Number of shares	30/09/2010 Number of shares	31/12/2010 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>

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5) Employee's end of service benefits

	30/09/2011 RO	30/09/2010 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	27,761	36,083	42,005
End of service benefits paid / adjustment	(1,206)	(19,589)	(32,553)
Accrual as at 30 September/December	<u>214,272</u>	<u>194,759</u>	<u>187,717</u>

6) Accounts payable and accruals

	30/09/2011 RO	30/09/2010 RO	31/12/2010 RO
Trade accounts payable	20,173,918	16,079,718	17,977,752
Accrued expenses	7,615,228	5,893,207	7,557,097
Directors' remuneration	121,500	60,750	81,000
Other payables	182,849	149,310	0
	<u>28,093,495</u>	<u>22,182,985</u>	<u>25,615,849</u>

7) Income tax

	30/09/2011 RO	30/09/2010 RO	31/12/2010 RO
<i>Current Assets:</i>			
Current year	852,000	666,490	961,977
Prior years	(771,505)	88,246	88,244
	<u>80,495</u>	<u>754,736</u>	<u>1,050,221</u>
<i>Income statement:</i>			
Current year	852,000	666,490	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>852,000</u>	<u>666,490</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 September/December	<u>9,776</u>	<u>4,331</u>	<u>9,776</u>

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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	
	SEP 2011	DEC 2010
Total assets	2,755,830	193,525
Total liabilities	(2,625,010)	(48,392)
Net assets	<u>130,820</u>	<u>145,133</u>
Company's share in Net assets of the Joint Venture	65,410	72,566
Profit / (Loss) of Joint venture for the period	(14,314)	(4,867)
Company's share in loss of the Joint Venture	<u>(7,157)</u>	<u>(2,433)</u>