

OMAN OIL MARKETING COMPANY SAOG

Notes to the unaudited financial statements

(Forming part of the financial statements)



1) Property, plant and equipment

	Land & buildings	Plant, equipment and vehicles	Assets under construction	Total
	RO	RO	RO	RO
Balance at 1 January 2012, net of accumulated depreciation	7,144,990	13,115,337	3,234,411	23,494,738
Additions	-	11,168	5,027,983	5,039,151
Transfers	1,314,408	4,015,724	(5,330,132)	-
Disposals	(11,101)	(70,390)	-	(81,491)
Depreciation for the period	(401,321)	(2,067,903)	-	(2,469,224)
Balance at 30 September 2012, net of accumulated depreciation	8,046,976	15,003,936	2,932,262	25,983,174
Property, plant and equipment:				
Cost	10,649,463	30,607,530	2,932,262	44,189,255
Accumulated depreciation	(2,602,487)	(15,603,594)	-	(18,206,081)
Net carrying amount	8,046,976	15,003,936	2,932,262	25,983,174

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2) Inventories

	30/09/2012 RO	30/09/2011 RO	31/12/2011 RO
Oil and lubricants	3,704,707	3,670,723	3,329,583
Stores	7,497	7,498	7,497
Provision for slow moving stock	(15,000)	(15,000)	(15,000)
	<u>3,697,204</u>	<u>3,663,221</u>	<u>3,322,080</u>

3) Accounts receivable and prepayments

	30/09/2012 RO	30/09/2011 RO	31/12/2011 RO
Trade receivables	27,195,572	24,640,143	24,541,093
Less: impairment provision	(717,822)	(561,306)	(413,931)
	<u>26,477,750</u>	<u>24,078,837</u>	<u>24,127,162</u>
Amounts due from related parties	3,073,812	440,048	3,075,323
Other receivables	3,642,610	318,667	366,673
Prepaid expenses	1,409,458	826,112	1,108,529
	<u>34,603,630</u>	<u>25,663,664</u>	<u>28,677,687</u>

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

	30/09/2012 RO	30/09/2011 RO	31/12/2011 RO
Balance at 1 January	413,931	751,144	751,144
Provided during the period	304,176	(91,772)	(174,364)
Written off during the period - net	(285)	(98,066)	(162,849)
	<u>717,822</u>	<u>561,306</u>	<u>413,931</u>

4) Number of Shares

	30/09/2012 Number of shares	30/09/2011 Number of shares	31/12/2011 Number of
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>

	30/09/2012 Number of shares	30/09/2011 Number of shares	31/12/2011 Number of
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

	30/09/2012 RO	30/09/2011 RO	31/12/2011 RO
Movements in the liability recognised in the statement of company position are as follows:			
Accrual as at 1 January	198,190	187,717	187,717
Accrued during the period	83,945	27,761	35,870
End of service benefits paid / adjustment	(19,965)	(1,206)	(25,397)
	<u>262,170</u>	<u>214,272</u>	<u>198,190</u>

6) Accounts payable and accruals

	30/09/2012 RO	30/09/2011 RO	31/12/2011 RO
Trade accounts payable	25,861,895	19,504,767	24,150,480
Accrued expenses	7,014,411	7,615,228	7,429,481
Provision for Directors' remuneration	94,500	121,500	153,000
	<u>32,970,806</u>	<u>27,241,495</u>	<u>31,732,961</u>

7) Income tax

	30/09/2012 RO	30/09/2011 RO	31/12/2011 RO
<i>Current liability:</i>			
Current period	853,000	852,000	1,136,711
Prior years	51,995	80,495	80,495
	<u>904,995</u>	<u>932,495</u>	<u>1,217,206</u>
<i>Comprehensive Income Statement</i>			
Current period	853,000	852,000	1,170,534
Reversal of excess tax provision relating to earlier years	(60,228)	0	(33,777)
	<u>792,772</u>	<u>852,000</u>	<u>1,136,757</u>
<i>Deferred tax asset:</i>			
At 1 January	9,730	9,776	9,776
Movement for the period	0	0	(46)
	<u>9,730</u>	<u>9,776</u>	<u>9,730</u>
The deferred tax asset comprises the following differences			
Provision and other charges	151,483	173,694	151,483
Property and other equipment	(141,753)	(163,918)	(141,753)
	<u>9,730</u>	<u>9,776</u>	<u>9,730</u>

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8) Environmental provision

	30/09/2012	30/09/2011	31/12/2011
	RO	RO	RO
Balance as at 1 January	626,765	479,007	479,007
Provided during the period	13,372	18,850	177,925
Utilised	(13,372)	(21,092)	(30,167)
Balance as at end of the period	<u>626,765</u>	<u>476,765</u>	<u>626,765</u>

9) Employee costs

	30/09/2012	30/09/2011	31/12/2011
	RO	RO	RO
Wages and salaries	(1,342,227)	(1,222,312)	(1,641,773)
Other benefits	(1,639,437)	(1,398,271)	(1,903,675)
Contributions to a defined contribution retirement plan	(98,299)	(87,236)	(110,289)
Increase in liability for unfunded defined benefits retirement plan	(83,945)	(27,761)	(35,870)
	<u>(3,163,908)</u>	<u>(2,735,580)</u>	<u>(3,691,607)</u>

10) Net finance (charges) income

	30/09/2012	30/09/2011	31/12/2011
	RO	RO	RO
Interest expense	(180,870)	(62,148)	(108,362)
Interest income	270,064	121,161	177,262
Net finance income	<u>89,194</u>	<u>59,013</u>	<u>68,900</u>

11) Basic earnings per share

	30/09/2012	30/09/2011	31/12/2011
	RO	RO	RO
Net profit for the period after deducting Directors' remuneration	6,742,709	6,244,383	8,098,671
Weighted average number of shares outstanding during the period	64,500,000	64,500,000	64,500,000
Weighted average earnings per share	<u>0.105</u>	<u>0.097</u>	<u>0.126</u>

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) Bank Borrowings

Short term Loans -

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

Long term Loans -

The long term loan I is unsecured and the rate is 8% per annum below the bank's base lending rate. The repayment will commence in April 2012 of OMR 135K per month for 26 months..

The long term loan II is unsecured and the rate is 4% per annum. The repayment of the loan will commence one month after the final drawdown

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15) Segmental information

	30/09/2012	30/09/2011
	RO "000"	RO "000"
Retail	133,249	108,993
Commercial	41,825	40,249
Others	36,372	56,051
	211,446	205,293

The revenue reported above represents revenue generated from external customers. there were no inter segmental sales in the period. (2011: Nil)

Revenue from major products and services and geographical information.

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

16) Contingencies

At 31 December 2011 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, amounted to RO 1,685,384.

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 there 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 2012	SEP 2011	DEC 2011
Total assets	2,725,339	2,755,830	3,892,963
Total liabilities	(2,489,313)	(2,625,010)	(3,747,851)
Net assets	236,026	130,820	145,112
Company's share in Net assets of the Joint Venture	118,013	65,410	72,556
Profit / (Loss) of Joint venture for the period	90,912	(14,314)	(20)
Company's share in profit / (loss) of the Joint Venture	45,456	(7,157)	(10)

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18) Provision for site restoration and abandonment cost

Movements in the provisions are as follows:

	30/09/2012	30/06/2011	31/12/2011
	RO	RO	RO
As at 1 January	420,381	367,085	367,085
Additional provision (net)	4,467	29,037	31,270
Unwind of discount (included in finance costs)	12,612	5,506	22,026
	<hr/>	<hr/>	<hr/>
As at end of the period	437,460	401,628	420,381
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

19) Available for sales investments

This represents a 8.8% non controlling interest in Muscat Gases Company SAOG, 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.