

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 2007, net of accumulated depreciation | 2,622,230 | 7,565,466 | 459,743 | 10,647,439 |
| Additions | - | 11,168 | 2,833,813 | 2,844,981 |
| Transfers | 458,154 | 1,448,121 | (1,906,275) | 0 |
| Disposals | 0 | (992) | - | (992) |
| Depreciation for the year | (144,624) | (1,130,980) | - | (1,275,604) |
| Balance at 30 September 2007, net of accumulated depreciation | 2,935,760 | 7,892,783 | 1,387,281 | 12,215,824 |
| Property, plant and equipment: | | | | |
| Cost | 3,724,283 | 14,460,686 | 1,387,281 | 19,572,250 |
| Accumulated depreciation | (788,524) | (6,567,902) | - | (7,356,426) |
| Net carrying amount | 2,935,759 | 7,892,784 | 1,387,281 | 12,215,824 |

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2) Inventories

| | 30/09/2007 RO | 30/09/2006 RO | 31/12/2006 RO |
|--------------------|------------------|------------------|------------------|
| Oil and lubricants | 3,091,833 | 2,109,472 | 3,581,279 |
| Stores | 10,072 | 8,456 | 8,456 |
| | <u>3,101,905</u> | <u>2,117,928</u> | <u>3,589,735</u> |

3) Accounts receivable and prepayments

| | 30/09/2007 RO | 30/09/2006 RO | 31/12/2006 RO |
|----------------------------------|-------------------|-------------------|-------------------|
| Trade receivables | 15,579,440 | 14,286,509 | 15,775,253 |
| Less : impairment provision | (1,363,450) | (1,145,348) | (1,028,329) |
| | <u>14,215,991</u> | <u>13,141,161</u> | <u>14,746,924</u> |
| Amounts due from related parties | 7,034 | 13,225 | 370,615 |
| Other receivables | 317,737 | 330,127 | 378,130 |
| Prepaid expenses | 800,908 | 723,093 | 965,478 |
| | <u>15,341,668</u> | <u>14,207,606</u> | <u>16,461,147</u> |

Accounts receivable and prepayments

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

| | 30/09/2007 RO | 30/09/2006 RO | 31/12/2006 RO |
|-----------------------------------|------------------|------------------|------------------|
| Balance at 1 January | 1,028,329 | 575,183 | 575,183 |
| Provided during the year | 335,175 | 576,135 | 458,490 |
| Written off during the year - net | (54) | (5,970) | (5,344) |
| | <u>1,363,450</u> | <u>1,145,348</u> | <u>1,028,329</u> |

4) Number of Shares

| | 30/09/2007 Number of shares | 30/09/2006 Number of shares | 31/12/2006 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> |
| | 30/09/2007 Number of shares | 30/09/2006 Number of shares | 31/12/2006 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

| | 30/09/2007 RO | 30/09/2006 RO | 31/12/2006 RO |
|--|------------------|------------------|------------------|
| Movements in the liability recognised in the balance sheet are as follows: | | | |
| Accrual as at 1 January | 335,326 | 310,642 | 310,642 |
| Accrued during the year | 39,915 | 33,861 | 41,586 |
| End of service benefits paid / adjustment | (46,463) | (16,902) | (16,902) |
| Accrual as at 30 Sept | <u>328,778</u> | <u>327,601</u> | <u>335,326</u> |

6) Accounts payable and accruals

| | 30/09/2007 RO | 30/09/2006 RO | 31/12/2006 RO |
|-------------------------|-------------------|-------------------|-------------------|
| Trade accounts payable | 12,473,778 | 9,748,773 | 12,907,631 |
| Accrued expenses | 1,184,012 | 1,151,434 | 908,591 |
| Directors' remuneration | 49,682 | 50,625 | 72,500 |
| Other payables | 176,680 | (143,622) | |
| | <u>13,884,151</u> | <u>10,807,210</u> | <u>13,888,722</u> |

7) Income tax

| | 30/09/2007 RO | 30/09/2006 RO | 31/12/2006 RO |
|--|------------------|------------------|------------------|
| <i>Current liability:</i> | | | |
| Current year | 532,870 | 305,700 | 583,000 |
| Prior years | 89,815 | 70,038 | 70,038 |
| | <u>622,685</u> | <u>375,738</u> | <u>653,038</u> |
| <i>Income statement:</i> | | | |
| Current year | 532,870 | 305,700 | 583,000 |
| Reversal of excess tax provision relating to earlier years | 0 | 0 | |
| Deferred tax asset relating to the origination and reversal of temporary differences | 0 | (41,724) | (39,085) |
| | <u>532,870</u> | <u>263,976</u> | <u>543,915</u> |
| <i>Deferred tax asset:</i> | | | |
| At 1 January | 62,981 | 23,896 | 23,896 |
| Movement for the period | 0 | 41,724 | 39,085 |
| At 30 Sept | <u>62,981</u> | <u>65,620</u> | <u>62,981</u> |

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8) Environmental provision

| | 30/09/2007 | 30/09/2006 | 31/12/2006 |
|----------------------------|----------------|----------------|----------------|
| | RO | RO | RO |
| Balance as at 1 January | 295,592 | 322,606 | 322,606 |
| Provided during the period | 270,010 | 2,558 | 2,558 |
| Utilised | (50,640) | (11,948) | (29,572) |
| | <u>514,962</u> | <u>313,216</u> | <u>295,592</u> |

9) Employee costs

| | 30/09/2007 | 30/09/2006 | 31/12/2006 |
|---|--------------------|--------------------|--------------------|
| | RO | RO | RO |
| Wages and salaries | (668,299) | (625,752) | (830,312) |
| Other benefits | (696,571) | (591,497) | (866,203) |
| Contributions to a defined contribution retirement plan | (43,429) | (38,997) | (52,704) |
| Increase in liability for unfunded defined benefits retirement plan | (39,915) | (33,861) | (41,586) |
| | <u>(1,448,213)</u> | <u>(1,290,107)</u> | <u>(1,790,805)</u> |

10) Net finance (charges) income

| | 30/09/2007 | 30/09/2006 | 31/12/2006 |
|------------------|------------------|------------------|------------------|
| | RO | RO | RO |
| Interest expense | (105,879) | (129,523) | (171,174) |
| Interest income | 720 | 6,905 | 7,068 |
| | <u>(105,158)</u> | <u>(122,617)</u> | <u>(164,106)</u> |

11) Weighted average earnings per share

| | 30/09/2007 | 30/09/2006 | 31/12/2006 |
|---|-------------------|-------------------|-------------------|
| | RO | RO | RO |
| Net profit for the year after deducting Directors' remuneration | 3,521,590 | 2,778,813 | 4,016,030 |
| | <u>64,500,000</u> | <u>64,500,000</u> | <u>64,500,000</u> |
| Weighted average number of shares outstanding during the period | | | |
| | <u>64,500,000</u> | <u>64,500,000</u> | <u>64,500,000</u> |
| Weighted average earnings per share | 0.055 | 0.043 | 0.062 |

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) 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.

15) Segmental information

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