

# OMAN OIL MARKETING COMPANY SAOG

## Notes to the unaudited financial statements

(Forming part of the financial statements)



### 1) Property, plant and equipment

	Buildings RO	Plant, equipment and vehicles RO	Assets under construction RO	Total RO
<b>Balance at 1 January 2008, net of accumulated depreciation</b>	<b>3,183,377</b>	<b>7,796,340</b>	<b>1,658,955</b>	<b>12,638,672</b>
Additions	-	794,401	2,288,565	3,082,966
Transfers	486,472	1,553,516	(2,039,988)	0
Disposals	(21,651)	(31,434)	-	(53,085)
Depreciation for the period	(114,158)	(809,437)	-	(923,595)
<b>Balance at 30 June 2008, net of accumulated depreciation</b>	<b>3,534,040</b>	<b>9,303,386</b>	<b>1,907,532</b>	<b>14,744,958</b>
Property, plant and equipment:				
Cost	4,468,991	16,923,675	1,907,532	23,300,198
Accumulated depreciation	(934,951)	(7,620,289)	-	(8,555,240)
<b>Net carrying amount</b>	<b>3,534,040</b>	<b>9,303,386</b>	<b>1,907,532</b>	<b>14,744,958</b>

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#### 2) Inventories

	30/06/2008 RO	30/06/2007 RO	31/12/2007 RO
Oil and lubricants	1,919,075	2,024,676	3,422,898
Stores	7,497	11,354	7,497
	<u>1,926,572</u>	<u>2,036,030</u>	<u>3,430,395</u>

#### 3) Accounts receivable and prepayments

	30/06/2008 RO	30/06/2007 RO	31/12/2007 RO
Trade receivables	16,766,117	15,587,675	14,135,898
Less : impairment provision	(865,416)	(1,416,979)	(954,848)
	<u>15,900,701</u>	<u>14,170,696</u>	<u>13,181,050</u>
Amounts due from related parties	36,032	36,863	644,944
Other receivables	373,997	330,356	306,349
Prepaid expenses	1,072,882	918,565	1,187,046
	<u>17,383,612</u>	<u>15,456,480</u>	<u>15,319,389</u>

#### Accounts receivable and prepayments

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

	30/06/2008 RO	30/06/2007 RO	31/12/2007 RO
Balance at 1 January	954,848	1,028,329	1,028,329
Written back/provided during the period	(58,551)	388,702	(73,367)
Written off during the period - net	(30,881)	(52)	(114)
	<u>865,416</u>	<u>1,416,979</u>	<u>954,848</u>

#### 4) Number of Shares

	30/06/2008 Number of shares	30/06/2007 Number of shares	31/12/2007 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>

	30/06/2008 Number of shares	30/06/2007 Number of shares	31/12/2007 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

	30/06/2008 RO	30/06/2007 RO	31/12/2007 RO
Movements in the liability recognised in the balance sheet are as follows:			
Accrual as at 1 January	329,806	335,327	335,326
Accrued during the period	40,877	33,444	45,752
End of service benefits paid / adjustment	(126,615)	0	(51,272)
	<u>244,068</u>	<u>368,771</u>	<u>329,806</u>

### 6) Accounts payable and accruals

	30/06/2008 RO	30/06/2007 RO	31/12/2007 RO
Trade accounts payable	13,857,467	10,958,307	14,510,619
Accrued expenses	1,763,105	1,196,505	3,047,202
Directors' remuneration	33,750	33,750	75,000
Other payables	(68,372)	124,074	
	<u>15,585,950</u>	<u>12,312,636</u>	<u>17,632,821</u>

### 7) Income tax

	30/06/2008 RO	30/06/2007 RO	31/12/2007 RO
<i>Current liability:</i>			
Current period	440,000	304,000	778,000
Prior years	36,245	89,815	56,038
	<u>476,245</u>	<u>393,815</u>	<u>834,038</u>
<i>Income statement:</i>			
Current period	440,000	304,000	778,000
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	16,933
	<u>440,000</u>	<u>304,000</u>	<u>761,156</u>
<i>Deferred tax asset:</i>			
At 1 January	46,048	62,981	62,981
Movement for the period	0	0	(16,933)
At 30 June	<u>46,048</u>	<u>62,981</u>	<u>46,048</u>

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#### 8) Environmental provision

	30/06/2008	30/06/2007	31/12/2007
	RO	RO	RO
Balance as at 1 January	590,847	295,592	295,592
Provided during the period	180,000	180,010	360,010
Utilised	(33,798)	(36,525)	(64,755)
	<u>737,049</u>	<u>439,077</u>	<u>590,847</u>

#### 9) Employee costs

	30/06/2008	30/06/2007	31/12/2007
	RO	RO	RO
Wages and salaries	(546,159)	(430,668)	(907,381)
Other benefits	(629,815)	(447,093)	(1,028,606)
Contributions to a defined contribution retirement plan	(40,204)	(27,723)	(60,276)
Increase in liability for unfunded defined benefits retirement plan	(40,877)	(33,444)	(45,752)
	<u>(1,257,055)</u>	<u>(938,928)</u>	<u>(2,042,014)</u>

#### 10) Net finance (charges) income

	30/06/2008	30/06/2007	31/12/2007
	RO	RO	RO
Interest expense	(43,239)	(67,602)	(127,990)
Interest income	24,885	365	4,731
	<u>(18,354)</u>	<u>(67,237)</u>	<u>(123,259)</u>

#### 11) Weighted average earnings per share

	30/06/2008	30/06/2007	31/12/2007
	RO	RO	RO
Net profit for the period after deducting Directors' remuneration	3,183,114	2,045,669	5,680,509
Weighted average number of shares outstanding during the period	64,500,000	64,500,000	64,500,000
Weighted average earnings per share	0.049	0.032	0.088

#### 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.