


IOC MIDDLE EAST FZE
JEBEL ALI FREE ZONE
DUBAI - UNITED ARAB EMIRATES
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH, 2010

	<u>Notes</u>	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
ASSETS			
NON-CURRENT ASSETS :			
Property and equipment	5	12,217	20,259
CURRENT ASSETS :			
Inventories	6	46,019	31,827
Trade and other receivables	7	1,095,232	874,166
Due from a related party	8	890,241	-
Cash and cash equivalents	9	4,720,396	4,167,196
		6,751,888	5,073,189
TOTAL ASSETS		6,764,105	5,093,448
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES :			
Share capital	2	2,000,000	2,000,000
Retained earnings	10	3,487,315	2,631,287
		5,487,315	4,631,287
NON-CURRENT LIABILITIES :			
Statutory gratuity	11	9,457	5,659
CURRENT LIABILITIES :			
Trade and other payables	12	1,267,333	389,853
Due to a related party	8	-	66,649
		1,267,333	456,502
TOTAL LIABILITIES		1,276,790	462,161
TOTAL EQUITY AND LIABILITIES		6,764,105	5,093,448

Notes on pages 10 to 22 form part of these financial statements.

The financial statements were authorised for issue by the Board of Directors on 13th May, 2010. Signed on behalf of the board by:


Director


Director



**IOC MIDDLE EAST FZE
JEBEL ALI FREE ZONE
DUBAI - UNITED ARAB EMIRATES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH, 2010**

	<u>Notes</u>	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
REVENUE	13	37,190,725	39,244,367
Cost of sales	14	(36,087,365)	(37,412,546)
GROSS MARGIN		1,103,360	1,831,821
Other income	15	708,300	350,636
TOTAL INCOME		1,811,660	2,182,457
EXPENSES :			
Employee cost		(99,797)	(101,660)
Managerial remuneration	16	(383,960)	(243,530)
Administrative and selling expenses	17	(259,630)	(232,591)
Depreciation	5	(12,245)	(10,690)
PROFIT FOR THE YEAR	10	<u>1,056,028</u>	<u>1,593,986</u>

Notes on pages 10 to 22 form part of these financial statements.

The financial statements were authorised for issue by the Board of Directors on 13th May, 2010. Signed on behalf of the board by:

Suhail - KA.
Director

[Signature]
Director



IOC MIDDLE EAST FZE
JEBEL ALI FREE ZONE
DUBAI - UNITED ARAB EMIRATES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH, 2010

	Share capital AED	Retained earnings AED	Total AED
Balance as at 31.03.2008	2,000,000	1,037,301	3,037,301
Profit for the year	-	1,593,986	1,593,986
Balance as at 31.03.2009	2,000,000	2,631,287	4,631,287
Profit for the year	-	1,056,028	1,056,028
Dividend paid	-	(200,000)	(200,000)
Balance as on 31.03.2010	2,000,000	3,487,315	5,487,315

Notes on pages 10 to 22 form part of these financial statements.

The financial statements were authorised for issue by the Board of Directors on 13th May, 2010.
 Signed on behalf of the board by:

Suhail - 110
Director

[Signature]
Director

IOC MIDDLE EAST FZE
JEBEL ALI FREE ZONE
DUBAI - UNITED ARAB EMIRATES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH, 2010

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
CASH FLOWS FROM OPERATING ACTIVITIES :		
Profit for the year	1,056,028	1,593,986
Statutory gratuity	3,798	5,659
Depreciation	12,245	10,690
Operating cash flows before working capital changes	1,072,071	1,610,335
Increase in trade and other receivables	(221,066)	(510,708)
(Increase)/decrease in inventories	(14,192)	3,142
Decrease in goods in transit	-	275,044
Increase in due from a related party	(890,241)	-
Increase/(decrease) in trade and other payables	877,480	(1,926,479)
Decrease in due to a related party	(66,649)	(192,518)
Net cash from/(used in) operating activities (A)	757,403	(741,184)
CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of property and equipment	(4,203)	(5,798)
Net cash used in investing activities (B)	(4,203)	(5,798)
CASH FLOWS FROM FINANCING ACTIVITIES :		
Dividend paid	(200,000)	-
Net cash used in financing activities (C)	(200,000)	-
Net increase/(decrease) in cash and cash equivalents (A+B+C)	553,200	(746,982)
Cash and cash equivalents at beginning of year	4,167,196	4,914,178
Cash and cash equivalents at end of year (Note 9)	4,720,396	4,167,196

Notes on pages 10 to 22 form part of these financial statements.

The financial statements were authorised for issue by the Board of Directors on 13th May, 2010. Signed on behalf of the board by:

Sulrat - KA
Director

[Signature]
Director



**IOC MIDDLE EAST FZE
JEBEL ALI FREE ZONE
DUBAI - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010**

1. LEGAL STATUS AND ACTIVITIES :

M/s. IOC Middle East FZE, Jebel Ali Free Zone, Dubai ('the establishment') was initially formed and registered with the Jebel Ali Free Zone Authority, Dubai on 19th April, 2006 as a Free Zone Establishment under the name M/s. IOCL Trading FZE. On 11th June, 2006 the name was amended to M/s. IOC Middle East FZE.

The parent company of the establishment is M/s. Indian Oil Corporation Limited, India.

Activities :

The principal activities of the establishment are trading in crude oil, lubricants & grease, refined oil products, fuel, tar & asphalt and petrochemicals.

Management :

Mr. Rakesh Jain is retiring with effect from 30th April, 2010 and Mr. Subrat Kar has been appointed as the managing director of the establishment with effect from 1st May, 2010.

Accounting period :

These financial statements relate to the period from 1st April, 2009 to 31st March, 2010.

2. SHARE CAPITAL :

The establishment was formed with a capital of AED 1,000,000 represented by one share held in the name of M/s. Indian Oil Corporation Limited, India. On 3rd February, 2008 the capital of the establishment was increased to AED 2,000,000 represented by two shares held in the name of M/s. Indian Oil Corporation Limited, India.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

a) Basis of preparation :

These financial statements have been prepared on the historical cost basis.



IOC MIDDLE EAST FZE

JEBEL ALI FREE ZONE

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH, 2010

b) Statement of compliance :

These financial statements have been prepared in accordance with International Financial Reporting Standards and accounts related matters comply with Implementing Regulations No. 1/92 issued by the Jebel Ali Free Zone Authority pursuant to the Law No. 9 of 1992.

c) Property and equipment :

i) Owned assets

These are carried at cost less accumulated depreciation and impairment losses, if any. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

ii) Subsequent measurement

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognized in the profit or loss as an expense when incurred. When an asset is sold or otherwise retired, the cost and related accumulated depreciation are removed from the books of account and any resultant gain or loss is taken to the profit or loss.

iii) Depreciation

Depreciation is charged to the profit or loss on a straight line basis over the estimated useful lives of property and equipment. The estimated useful lives are as follows :

Office equipment	:	4 years
Furniture & fixtures	:	4 years



IOC MIDDLE EAST FZE

JEBEL ALI FREE ZONE

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH, 2010

d) Inventories :

Inventories are valued at the lower of cost and net realisable value. The cost of inventory is determined on the weighted average basis and includes expenditure incurred in acquiring the inventory and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of marketing and selling expenses.

e) Trade and other receivables :

Trade and other receivables are stated at cost, being the fair value less impairment allowances. Allowance for impairment of trade receivables is established when there is objective evidence that the establishment will not be able to collect all amounts due according to the original terms of receivables. The amount of impairment is recognized in the profit or loss.

f) Trade and other payables :

Trade and other payables are stated at cost.

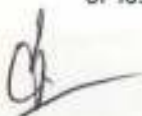
g) Foreign currency transactions :

i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in UAE Dirhams (AED), which is the establishment's functional and presentation currency.

ii) Transactions and balances

Transactions in foreign currencies are translated to UAE Dirhams (AED), which is the establishment's measurement currency, at the foreign exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated into UAE Dirhams (AED) at foreign exchange rates approximating those ruling at that date. All differences are taken to the profit or loss.



IOC MIDDLE EAST FZE

JEBEL ALI FREE ZONE

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH, 2010

h) Revenue :

i) Sale of goods

Revenue from the sale of goods is recognised in the profit or loss when significant risks and rewards of ownership have been transferred to the buyers. Sales comprise the invoiced value of goods (net of discounts) supplied by the establishment during the year.

ii) Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

iii) Commission income

Commission income represents the value of credit notes received for sales orders procured and materials dispatched.

i) Income tax :

According to U.A.E revenue code, the business profit is liable for corporate income tax at a progressive rate upto a maximum of 55 per cent. However, the establishment is registered in Jebel Ali Free Zone, Dubai whose Investment Promotional Act exempts the establishment from corporate income tax for a period of 50 years. Therefore, no provision of corporate income tax is made in the financial statements.

j) Impairment of assets :

The carrying amounts of the establishment's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated in order to determine the extent of impairment loss. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. All impairment losses are recognized in the profit or loss. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.



IOC MIDDLE EAST FZE

JEBEL ALI FREE ZONE

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH, 2010

k) Cash and cash equivalents :

Cash and cash equivalents consist of cash and balances with bank and deposit with the banks maturing within three months of the date of deposit.

l) Operating leases :

Leases under which the substantial risk and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight line basis over the lease term.

m) Provisions :

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING ESTIMATES :

The establishment makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

a) Impairment of inventories :

The establishment reviews the carrying amounts of the inventories at each reporting date to determine whether the inventories have been impaired. The establishment identifies the inventories, which have been impaired based on the age of inventory and their estimate of future demand for various items in the inventory. If any indication of impairment exists, the inventories' recoverable amount is estimated based on past experience.



IOC MIDDLE EAST FZE

JEBEL ALI FREE ZONE

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH, 2010

b) Impairment of receivables :

The establishment reviews the carrying amounts of the receivables at each reporting date to determine whether the receivables have been impaired. The establishment identifies the receivables, which have been impaired based on the overall quality and ageing of receivables. The receivables' recoverable amount is estimated based on past experience and estimated cash flows.

c) Useful life and residual value of property and equipment :

The establishment reviews the useful life and residual value of property and equipment at each reporting date to determine whether an adjustment to the useful life and residual value is required. The useful life and residual value is estimated based on similar assets of the industry, and future economic benefit expectations of the management.



IOC MIDDLE EAST FZE
JEBEL ALI FREE ZONE
DUBAI - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31ST MARCH, 2010

5. PROPERTY AND EQUIPMENT :

		Office equipment AED	Furniture & fixtures AED	Total AED
COST :				
	31.03.2009	12,950	32,717	45,667
	Additions	4,013	190	4,203
	31.03.2010	16,963	32,907	49,870
ACCUMMULATED DEPRECIATION :				
	31.03.2009	7,506	17,902	25,408
	Charge for the year	4,065	8,180	12,245
	31.03.2010	11,571	26,082	37,653
CARRYING AMOUNT :	31.03.2010	5,392	6,825	12,217
	31.03.2009	5,444	14,815	20,259



**IOC MIDDLE EAST FZE
JEBEL ALI FREE ZONE
DUBAI - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31ST MARCH, 2010**

6. INVENTORIES :

	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
Packing materials	46,019	31,827

7. TRADE AND OTHER RECEIVABLES :

	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
Trade receivables	984,080	785,352
Refundable deposits *	41,258	14,669
Prepayments	48,494	42,952
Accrued interest on fixed deposit (Note 9)	21,400	31,193
	<u>1,095,232</u>	<u>874,166</u>

* Refundable deposits include guarantee deposit of AED 32,438 (2009: AED 9,799) placed for employee guarantees.

AGE ANALYSIS OF TRADE RECEIVABLES :

Less than 3 months	938,318	785,352
3 to 6 months	45,762	-
	<u>984,080</u>	<u>785,352</u>

GEOGRAPHICAL ANALYSIS OF TRADE RECEIVABLES :

Overseas	938,318	727,821
Local	45,762	57,531
	<u>984,080</u>	<u>785,352</u>

- a) The credit risk with respect to trade receivables is high due to the establishment's limited customer base. The establishment has adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The establishment has subsequently collected an amount of AED 363,115 up to 7th April, 2010.
- b) The fair value of trade receivables is not materially different from their net balances shown in the statement of financial position.





**IOC MIDDLE EAST FZE
JEBEL ALI FREE ZONE
DUBAI - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31ST MARCH, 2010**

8. RELATED PARTY TRANSACTIONS :

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions represent transactions with shareholder, directors and senior management of the establishment and entities in which they have significant influence or control or are similarly influenced or controlled. The establishment enters into transactions with related parties in the normal course of business at prices determined by the management.

DUE FROM A RELATED PARTY :

	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
M/s. Indian Oil Corporation Limited, India (Parent Company)	<u>890,241</u>	<u>-</u>

DUE TO A RELATED PARTY :

	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
M/s. Indian Oil Corporation Limited, India (Parent Company)	<u>-</u>	<u>66,649</u>

The following are the significant related party transactions during the year :

	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
Purchases	<u>29,630,499</u>	<u>33,075,932</u>
Commission income (Note 15)	<u>532,916</u>	<u>186,090</u>
Managerial remuneration (Note 16)	<u>383,960</u>	<u>243,530</u>

9. CASH AND CASH EQUIVALENTS :

	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
Cash at bank : Current account	1,515,173	238,880
Fixed deposit - short term	<u>3,205,223</u>	<u>3,928,316</u>
	<u>4,720,396</u>	<u>4,167,196</u>




**IOC MIDDLE EAST FZE
JEBEL ALI FREE ZONE
DUBAI - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31ST MARCH, 2010**

10. RETAINED EARNINGS :

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
Balance at the beginning of the year	2,631,287	1,037,301
Profit for the year	1,056,028	1,593,986
Dividend paid	(200,000)	-
	<u>3,487,315</u>	<u>2,631,287</u>

11. STATUTORY GRATUITY :

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
Balance at the beginning of the year	5,659	-
Provided during the year	3,798	5,659
	<u>9,457</u>	<u>5,659</u>

12. TRADE AND OTHER PAYABLES :

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
Trade payables	839,352	66,318
Post dated cheques payable	409,046	306,935
Accrued expenses	14,000	13,500
Creditors for expenses	4,935	3,100
	<u>1,267,333</u>	<u>389,853</u>

13. REVENUE :

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
Sale of goods	<u>37,190,725</u>	<u>39,244,367</u>

14. COST OF SALES :

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
Opening inventories	31,827	34,969
Purchases	36,074,288	37,296,583
Direct expenses	27,269	112,821
Less : Closing inventories	(46,019)	(31,827)
	<u>36,087,365</u>	<u>37,412,546</u>

**IOC MIDDLE EAST FZE
JEBEL ALI FREE ZONE
DUBAI - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31ST MARCH, 2010**

15. OTHER INCOME :

	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
Commission Income (Note 8)	532,916	186,090
Interest on fixed deposits	172,856	163,985
Exchange gain	2,528	561
	<u>708,300</u>	<u>350,636</u>

16. MANAGERIAL REMUNERATION :

Managerial remuneration represents salary and other benefits paid to the managing director (Note 8).

17. ADMINISTRATIVE AND SELLING EXPENSES :

	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
Rent	48,933	53,769
Communication	37,691	35,482
Printing & stationery	8,032	7,026
Travelling & conveyance	59,398	45,087
Legal, licence & visa	26,492	9,085
Bank charges	23,096	34,708
Professional fee	40,500	38,000
Sales promotion	8,500	-
Miscellaneous expenses	6,988	9,434
	<u>259,630</u>	<u>232,591</u>

18. PROPOSED DIVIDEND :

In respect of current year, the board of directors proposed a dividend @ 10% on the paid up capital of the establishment. This dividend is subject to approval by the shareholders at the annual general meeting and has not been included as a liability in these financial statements.



**IOC MIDDLE EAST FZE
JEBEL ALI FREE ZONE
DUBAI - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31ST MARCH, 2010**

19. FINANCIAL INSTRUMENTS AND MANAGEMENT OF RISKS :

Financial instruments :

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets of the establishment consist of cash and cash equivalents, due from a related party and trade and other receivables. The financial liabilities of the establishment consist of trade and other payables and due to a related party.

Credit risk :

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Cash is placed with banks with good credit ratings.

Credit risk is actively managed and monitored in accordance with defined credit policies and procedures of the establishment. Credit review procedures are designed to identify at an early stage, exposures, which require more detailed monitoring and review.

Currency risk :

Purchases from overseas suppliers are made in foreign currencies. Currency risk relates to changes in exchange rates which affect payment flows in foreign currencies and valuation of liabilities in foreign currencies. The establishment regularly monitors exchange fluctuations and takes such steps as may be required to cover itself.

Liquidity risk :

Liquidity risk also referred to as a funding risk, is the risk that the establishment will encounter difficulty in raising funds to meet commitments and obligations. Liquidity risk may result from an inability to sell a financial asset quickly at a price close to its fair value.

The establishment manages its liquidity risk by monitoring its liquidity requirements and by ensuring that sufficient funds are available to meet its expected requirements.

Interest rate risk :

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The establishment's interest rate risk is limited to interest bearing deposits with banks which are at current market rates.



**IOC MIDDLE EAST FZE
JEBEL ALI FREE ZONE
DUBAI - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31ST MARCH, 2010**

Fair value :

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Differences can therefore arise between the book values under the historical cost method and fair value estimates.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The fair values of the establishment's financial assets and liabilities are not materially different from their carrying values.

20. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS :

	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
Letters of guarantee	<u>32,438</u>	<u>9,799</u>

Except the above and ongoing purchase commitments in the normal course of business against which no loss is expected, there has been no other known contingent liability or capital commitment on the establishment's account.

21. COMPARATIVE FIGURES :

Previous year's figures have been regrouped and reclassified wherever necessary to make them comparable to those of the current year.

22. LEVEL OF PRECISION :

All figures are rounded off to the nearest Arab Emirates Dirham (AED).

