

***Interim report for 3 months ended 28 February, 2017***

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# Sahara Hospitality Co. (S.A.O.G.)

Interim report for 3 months ended 28<sup>th</sup> February, 2017

**FOR THE FIRST QUARTER ENDED ON FEBRUARY 28, 2017.**

## **SAHARA HOSPITALITY COMPANY (S.A.O.G) ("SHC")**

On behalf of Board of Directors, I am pleased to submit the unaudited financial statements of the company for the first quarter ended on February 28, 2017 along with its related reports.

The company has reported revenue of RO. 3, 176,226 for the period under review as against RO 3,150,072 in the corresponding period of previous year. Net profit after tax for the same period was RO. 625,054 as against RO. 665,600 recorded in the same period of last year.

The total shareholders fund increased from RO. 17,545,488 at the end of the first quarter of the year 2016 to RO.19, 119,762 in the same period of 2017. As a result of this growth, the net assets per share increased from RO.3.008 in the year 2016 to RO. 3.278 for the same period of the year 2017.

On behalf of the Board of Directors, I express our most sincere gratitude to His Majesty Sultan Qaboos Bin Said for his wise leadership and generous support to the private sector. Also I would extend our gratitude to the Muscat Securities Market, Capital Market Authority and other government organizations involved in private sector business development.

I conclude this report by expressing our appreciation to our shareholders, Petroleum Development Oman, our bankers and customers for their valued support and cooperation.

For and on behalf of Board of Directors,

TALAL BIN QAIS AL ZAWAWI  
CHAIRMAN

27<sup>th</sup> March, 2017

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## Unaudited Summary of Performance.

	28 Feb. 2017 R.O' 000	29 Feb. 2016 R.O' 000	Change %
Total assets @	26,695	26,688	--
Total liabilities @	7,575	9,143	(17)
Net assets @	19,120	17,545	9
* Net assets per share	3.278	3.008	9
** Current ratio @	2.361	1.862	27

	3 months ended 28 Feb., 2017 R.O' 000	3 months ended 29 Feb., 2016 R.O' 000	Change %
Gross Profit	1,172	1,188	(1)
*** Gross Profit margin @	37%	38%	(3)
Net Profit	625	665	(6)
**** Earnings per share	.0.107	0.114	(6)

\* Net assets (book value) per share is calculated by dividing the net assets (book value) at 28 February. by the number of ordinary shares in issue at 28 February..

\*\* Current ratio represents the ratio of current assets to current liabilities at 28 February..

\*\*\* Gross profit margin is calculated as follows:

$$\text{Gross Profit margin} = \frac{\text{Gross Profit}}{\text{Turnover}}$$

\*\*\*\* Earnings per share is calculated by dividing net profit after tax for the period ended 28 February. by the average number of ordinary shares in issue for the period.

The ratios marked @ above are optional, but companies are encouraged to disclose such information.

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## Unaudited consolidated Statement of Financial Position at 28 February 2017.

	Notes	28 February. 2017 R.O' 000	29 February. 2016 R.O' 000	Change %
<b>Fixed assets *</b>		18,959	19,842	(4)
		18,959	19,842	(4)
<b>Current assets</b>				
Inventories	1	30	10	200
Trade receivables	2&9	5,381	4,867	11
Receivable from related parties	8&9	343	336	2
Investments **	5,6,7&9	--	--	--
Bank and cash		1,982	1,633	21
Other assets		-	-	--
		7,736	6,846	13
<b>Total assets</b>		26,695	26,688	--
<b>Current liabilities</b>				
Trade and other creditors		429	258	66
Payable to related parties	8	1,561	2,157	(28)
Bank loans and overdrafts	4	1,179	1,179	--
Tax liability		108	83	30
		3,277	3,677	(11)
<b>Long term liabilities</b>				
Bank loans and overdrafts	4	4,226	5,405	(22)
Deferred Tax liability		72	61	18
		4,298	5,466	(21)
<b>Total liabilities</b>		7,575	9,143	(17)
<b>Net Assets</b>		19,120	17,545	9
<b>Shareholders' funds</b>				
Share capital		5,833	5,833	--
Legal reserve		1,945	1,944	--
Retained earnings / (loss)		10,717	9,119	18
Profit and loss account		625	649	(4)
<b>Total shareholders' equity</b>		19,120	17,545	9

\* Includes tangible fixed assets only. Intangible fixed assets must be disclosed separately.

\*\* Investments include fixed term deposits.

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## Unaudited consolidated Statement of Comprehensive Income For the 3 months ended 28 February 2017.

	Notes	3 months ended 28 Feb. 2017 R.O'. 000	3 months ended 29 Feb. 2016 R.O'. 000	Change %
<b>Turnover/Revenue</b>	3	3,176	3,150	1
<b>Gross Profit</b>	3	1,172	1,188	(1)
Other income		--	3	(100)
Depreciation		(266)	(265)	--
Administration & general expenses		(111)	(103)	8
<b>Operating profit</b>		795	823	(3)
Finance charges	4	(59)	(72)	(18)
Investment income	6	--	--	
<b>Profit before taxation and minority Interests</b>		736	751	(2)
<b>Taxation</b>		(111)	(86)	29
<b>Net profit attributable to ordinary Shareholders</b>		625	665	(6)
<b>Dividend per share</b>				
<b>* Net profit margin @</b>		20%	21%	(5)

Dividend per share has been calculated by dividing the total dividends paid and proposed during the period by the average number of shares in issue for the period.

\* Net profit margin =  $\frac{\text{Net profit for the period}}{\text{Turnover for period}}$

Disclosure of ratios market @ is optional but is recommended.

**Taxation** The basis for determining the tax charge accruing for the period should be disclosed. The tax charge should be determined by applying an effective tax rate to the net profit before tax for the period.

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## Unaudited consolidated Statement of Cash Flows

For the 3 months ended 28 February, 2017.

	3 months ended 28 Feb. 2017 R.O'. 000	3 months ended 29 Feb. 2016 R.O'. 000	Change %
<b>Cash from operations</b>	970	1,234	(21)
Tax paid	(325)	(335)	(3)
Interest paid	(58)	(72)	(19)
Net cash from operating activities	587	827	(29)
Net cash used in investing activities	(5)	(35)	(86)
Net cash generated from/( used in) financing activities	(295)	(295)	--
Net increase / (decrease) in cash and cash equivalents	287	497	(42)
Cash and cash equivalents brought forward	1,695	1,136	49
<b>Cash and cash equivalents carried forward</b>	1982	1,633	21

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## Statement of changes in equity

For the 3 months ended 28 February 2017.

	Share Capital RO. '000	Legal Reserve RO. '000	Retained Earnings RO. '000	Total RO. '000
<b>As on 30 November , 2015</b>	<b>5,833</b>	<b>1,928</b>	<b>9,119</b>	<b>16,880</b>
Dividend paid	--	--	(875)	(875)
Profit for current year	--	--	2,490	2,490
Transfer to legal reserve	--	17	(17)	--
<b>As on 30 November, 2016</b>	<b>5,833</b>	<b>1,945</b>	<b>10,717</b>	<b>18,495</b>
<b>As on 30 November , 2016</b>	<b>5,833</b>	<b>1,945</b>	<b>10,717</b>	<b>18,495</b>
Dividend paid	--	--	--	--
Profit for current year	--	--	625	625
Transfer to legal reserve	--	--	--	--
<b>As on 28 February, 2017</b>	<b>5,833</b>	<b>1,945</b>	<b>11,342</b>	<b>19,120</b>

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## Notes.

### 1. Inventories.

Inventories can be analysed as follows:

	28 February. 2017 R.O' 000	29 February. 2016 R.O' 000	Change %
Raw materials	-	-	-
Work in progress	-	-	-
Finished goods	30	10	200
Spares and consumables	-	-	-
Less: Provisions	-	-	-
	30	10	200

Finished goods at 28 February., 2017 represent ..... days of sales (2016 .... days)

### 2. Trade receivables.

At 28 February., 2017 trade receivables can be analysed as follows:

	28 Feb. 2017 R.O' 000	29 Feb. 2016 R.O' 000	Change %
Trade receivables	6,786	6,210	9
Less: Provisions	(1,405)	(1,343)	5
	5,381	4,867	11

### 3. Segment Reporting

Reporting of Segment Revenue, and Segment Result is required for all business and geographical segments, where the segment is responsible for more than 10% of the company's revenue or profit, and where the segment is subject to risks or returns that are different from those of other segments, or where the segment is defined as a reportable segment by International Accounting Standard 14. The Revenue and Result for the company's reportable segments for the period ending 28 Feb., 2017 are as follows:

#### Identity of Segments

	Fahud R.O' 000	Nimr R.O' 000	Rima R.O' 000	Totals R.O' 000
Segment Revenue	1,256	1,694	226	3,176
Segment Expenses	(787)	(1049)	(168)	(2004)
Segment Results	469	645	58	1,172



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4. **Bank loans and overdrafts.**

These can be analysed as follows:

	28 Feb. 2017 R.O' 000	29 Feb. 2016 R.O' 000	Change %
Bank loans	5,405	6,584	(18)
Overdrafts	--	-	--
	5,405	6,584	(18)
Less: Current maturities of bank loans and Bank overdrafts.	(1,179)	(1,179)	--
Long term element and bank loans	4,226	5,405	(22)

The bank loans are secured by Nil lien over investments of the Company with a carrying value of RO. Nil and market value RO. Nil

The Bank loans bear interest at rates ranging between 4.25% and 4.75% per annum.

The Bank overdraft facilities bear interest at 5.00% per annum and are renewable on 14<sup>th</sup> July 2017.

The bank loan is repayable within 7 years from October, 2014

The maturity of the bank loans.

	28 Feb. 2017 R.O' 000	29 Feb. 2016 R.O' 000	Change %
Due within 1 year	1,179	1,179	-
Due after more than 1 year	4,226	5,405	(22)
	5,405	6,584	(18)

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**5. Investment in associates and subsidiaries**

Associates (See also Note 7)

Investments in Associates are accounted for using the equity method.

The Associates of Services/Manufacturing Company SAOG are as follows:

28 Feb., 2017		29 Feb. 2016	
Company	Holding %	Company	Holding %
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

During the period, ..... shares in ..... company were purchased for RO..... per share.

During the period ..... shares in ..... company were sold for RO..... per share resulting in a profit of RO. .... on disposal.

Subsidiaries (See also Note 7)

Investments in subsidiaries are accounted for using the equity method.

The subsidiaries of Services/Manufacturing Company SAOG are as follows:

28 February., 2017		29 Feb., 2016	
Company	Holding - %	Company	Holding - %
N/A	N/A	N/A	N/A

During the period.... shares in ..... Company were sold for RO. .... per share resulting in a profit of RO. .... on disposal.

During the period ..... shares in ..... company were purchased for RO. .... per share.

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### Notes.

#### 6. Investments.

Investments include all long term and short term investments of the company, excluding only those associates and subsidiaries listed in Note 5. All marketable securities are carried at their open market value. Unquoted investments are carried at cost adjusted for any permanent diminutions in value.

Investment can be analysed as follows:

	Market value 28 February. 2017 R.O'. 000	Market value 28 Feb. 2016 R.O'. 000	Book value 28 February. 2017 R.O' 000	Book value 28 Feb. 2016 R.O'. 000	Cost ** R.O' 000
Marketable securities MSM					
Banking	N/A	N/A	N/A	N/A	N/A
Investment	N/A	N/A	N/A	N/A	N/A
Insurance	N/A	N/A	N/A	N/A	N/A
Services	N/A	N/A	N/A	N/A	N/A
Industrial	N/A	N/A	N/A	N/A	N/A
Government bonds	N/A	N/A	N/A	N/A	N/A

#### Marketable securities – Foreign by sector.

Banking	N/A	N/A	N/A	N/A	N/A
Industrial	N/A	N/A	N/A	N/A	N/A
Bonds	N/A	N/A	N/A	N/A	N/A

#### Unquoted and other investments.

Unquoted Omani shares				
Investment funds units*	N/A	N/A	N/A	N/A
Term deposits	N/A	N/A	N/A	N/A
Unquoted foreign shares	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A

\* Carried at lower of net asset value, net realisable value or market value.

\*\* Cost of investment held on 28 Feb., 2017

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6. **Investments (continued)**

**Investment income**

***Realised***

Realised investment income represents gains and losses on disposal of investments and other realised investment related gains and losses.

***Unrealised.***

Marketable securities are recorded at their open market value. Movements in the carrying values of marketable securities are taken to unrealised investment income.

***Interest***

Interest receivable for term deposits and bonds is included in investment income.

Investment income can be analysed as follows:

	<b>28 February. 2017 R.O' 000</b>	<b>28 Feb. 2016 R.O' 000</b>
Realised	N/A	N/A
Unrealised	N/A	N/A
Dividends	N/A	N/A
Interest on Term Deposits and Bonds	N/A	N/A

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## 7. Details of Significant Investments.

Details of all the reporting company's investments, including associates and subsidiaries, for which either, the reporting company's holding represents 10% or more of the issuer's share capital, or, the reporting company's holding exceeds 10% of the market value of the reporting company's investment portfolio, are provided as follows as of 28 February., 2017.

Holding %	Number of Securities	Market value RO. 000	Book value RO. 000	Cost RO. 000
MSM quoted securities	N/A	N/A	N/A	N/A
Foreign listed securities*	N/A	N/A	N/A	N/A
Market value as at 28 Feb., 2017				
MSM Unquoted securities	N/A		N/A	N/A
Foreign unquoted securities *	N/A		N/A	N/A
Totals as of 28 Feb. 2017	0		0	0

\* Provide the name of location of the issuer, the class of security, and the name of the market in which the security is listed.

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## 8. Related parties and Holders of 10% of the company's shares.

The nature of significant transactions involving related parties or holders of 10% or more of the company's shares, or their family members, and the amounts involved during the period were as follows:

	28 Feb. 2017 R.O' 000	29 Feb. 2016 R.O' 000	Change %
Service Provider – Cost of sales	1,951	1,889	3
Other Services & insurance	186	305	(39)
	2,137	2,194	(3)

### Expense Items.

Items of expense which were paid to related parties or holders of 10% or more of the company's shares, or their family members, during the period can be further analysed as follows:

	28 Feb. 2017 R.O' 000	29 Feb. 2016 R.O' 000	Change %
Cost of Sales:–			
Catering and Supplies Co.LLC & Marketing and Services Co. LLC.	1,951	1,889	3
Other services & Insurance:			
Catering and Supplies Co.LLC & Risk Management Services. LLC	186	305	(39)
	2,137	2,194	(3)

### Loans, Advances, Receivable Due, Provisions & Write-offs.

Loans, advances or receivables due from related parties or holders of 10% or more of the company's shares, or their family members, minus all provisions and write-offs which have been made on those accounts at any time, are further analysed as follows:

	28 Feb. 2017 R.O' 000	29 Feb. 2016 R.O' 000	Change %
Cost of utilities – Catering and Supplies Co.	-	-	-
Catering services – Carillion Alawi LLC	-	-	-
Provisions	-	-	-
Write-offs	-	-	-
Receivable from related parties	-	-	-

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9. Provisions.

Changes to the level of provisions during the period can be analysed as follows:

Provisions for:	Advances & Receivables RO '000	Value of Investments RO '000	Other RO '000	Total RO '000
Beginning balance of provisions	1,390	-	-	1,390
Provided during the period	15	-	-	15
(Released) during the period	--	-	-	--
(Written off) during the period	--	-	-	--
Provisions Balance as of 28 Feb., 2017	1,405	-	-	1,405

The book value of assets before and after provisions can be shown as follows:

Book value of Assets:	Advances & Receivables RO '000	Investments RO '000	Other RO '000	Total RO '000
Value of Assets before provisions	6,786	-	-	6,786
Provisions Balance as of 28 February., 2017	(1,405)	-	-	(1,405)
Book value of Assets as of 28 February., 2017	5,381	-	-	5,381

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10. **Shareholders.**

All those shareholders of the company who own 10% or more of the company's shares, whether in their name, or through a nominee account, and the number of shares they hold are as follows:

	28 February., 2017 (Nos.)	29 Feb., 2016 (Nos.)
<b>Common Share Holders</b>		
Alawi Enterprises	1,166,667	1,166,667
Catering and Supplies Co. LLC	1,166,667	1,166,667
Chatron Commercial Corporation	982,672	982,672
Azan Qais Abdulmunim Al Zawawi	596,372	596,372
<b>Preferred Share Holders:</b>	-	-