

Interim report for 3 months ended 28 February, 2021

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DIRECTORS' REPORT FOR THE FIRST QUARTER ENDED ON FEBRUARY 28, 2021.

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, 2021 along with its related reports.

The company has reported revenue of RO. 2,630,617 for the period under review as against RO 3,586,755 in the corresponding period of previous year. Net profit after tax for the same period was RO. 518,053 as against RO. 751,613 recorded in the same period of last year.

The total shareholders fund increased from RO. 22,607,219 at the end of the first quarter of the year 2020 to RO. 24,112,906 in the same period of 2021. And as a result of this growth, the net assets per share have recorded R.O 3.195.

On behalf of the Board of Directors, I express our most sincere gratitude to His Majesty Sultan Haitham Bin Tariq Bin Taimour 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

30th March, 2021

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Unaudited Summary of Performance.

	28 Feb. 2021 R.O' 000	29 Feb. 2020 R.O' 000	Change %
Total assets @	26,526	28,934	(8.32)
Total liabilities @	2,413	6,327	(61.86)
Net assets @	24,113	22,607	6.66
* Net assets per share	3.195	3.355	(4.77)
** Current ratio @	4.555	2.074	119.62

	3 months ended 28 Feb., 2021 R.O' 000	3 months ended 29 Feb., 2020 R.O' 000	Change %
Gross Profit	960	1,285	(25.29)
*** Gross Profit margin @	36%	36%	--
Net Profit	518	751	(31.03)
**** Earnings per share	0.069	0.111	(37.84)

* 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 2021.

	Notes	28 February. 2021 R.O' 000	29 February. 2020 R.O' 000	Change %
Fixed assets *		16,527	17,476	(5)
		16,527	17,476	(5)
Current assets				
Inventories	1	26	23	13
Trade receivables	2&9	4,877	5,162	(6)
Receivable from related parties	8&9	48	52	(8)
Investments **	5,6,7&9	--	--	--
Bank and cash		5,048	6,221	(19)
Other assets		-	-	--
		9,999	11,458	(13)
Total assets		26,526	28,934	(8)
Current liabilities				
Trade and other creditors		484	1,908	(75)
Payable to related parties	8	916	2,305	(60)
Bank loans and overdrafts	4	688	1,179	(42)
Lease liability		20	--	100
Tax liability		87	132	(34)
		2,195	5,524	(60)
Long term liabilities				
Bank loans and overdrafts	4	--	688	(100)
Lease liability		81	--	100
Deferred Tax liability		137	115	19
		218	803	(73)
Total liabilities		2,413	6,327	(62)
Net Assets		24,113	22,607	7
Shareholders' funds				
Share capital		7,546	6,738	12
Legal reserve		2,246	2,065	9
Retained earnings / (loss)		14,321	13,804	4
Total shareholders' equity		24,113	22,607	7

* 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 2021.

	Notes	3 months ended 28 Feb. 2021 R.O'. 000	3 months ended 29 Feb. 2020 R.O'. 000	Change %
Turnover/Revenue	3	2,631	3,586	(27)
Gross Profit	3	960	1,285	(25)
Other income		--	--	--
Depreciation		(271)	(268)	1
Administration & general expenses		(113)	(151)	(25)
Operating profit		576	866	(33)
Finance charges	4	33	18	83
Investment income	6	--	--	--
Profit before taxation and minority Interests		609	884	(31)
Taxation		(91)	(133)	(31)
Net profit attributable to ordinary Shareholders		518	751	(31)
Dividend per share				
* Net profit margin @		20%	21%	(6)

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, 2021.

	3 months ended 28 Feb. 2021 R.O'. 000	3 months ended 29 Feb. 2020 R.O'. 000	Change %
Cash from operations	638	1,455	(56)
Tax paid	(432)	(463)	(7)
Net cash from operating activities	206	992	(79)
Net cash used in investing activities	39	40	(2)
Net cash generated from/(used in) financing activities	(1,121)	(322)	248
Net increase / (decrease) in cash and cash equivalents	(876)	710	(223)
Cash and cash equivalents brought forward	5,924	5,511	7
Cash and cash equivalents carried forward	5,048	6,221	(19)

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Statement of changes in equity

For the 3 months ended 28 February 2021.

	Share Capital RO. '000	Legal Reserve RO. '000	Retained Earnings RO. '000	Total RO. '000
As on 30 November , 2019	6,125	2,042	14,914	23,081
Bonus Share	612	--	(612)	--
Dividend paid	--	--	(1,225)	(1,225)
Profit for current year	--	--	2,547	2,547
Transfer to legal reserve	--	204	(204)	--
As on 30 November, 2020	6,737	2,246	15,420	24,403
As on 30 November , 2020	6,737	2,246	15,420	24,403
Bonus Share	809	--	(809)	--
Dividend paid	--	--	(808)	(808)
Profit for current year	--	--	518	518
Transfer to legal reserve	--	--	--	--
As on 28 February, 2021	7,546	2,246	14,321	24,113

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Notes.

1. Inventories.

Inventories can be analysed as follows:

	28 February. 2021 R.O' 000	29 February. 2020 R.O' 000	Change %
Raw materials	-	-	-
Work in progress	-	-	-
Finished goods	26	23	13
Spares and consumables	-	-	-
Less: Provisions	-	-	-
	26	23	13

Finished goods at 28 February., 2021 represent days of sales (2021 days)

2. Trade receivables.

At 28 February., 2021 trade receivables can be analysed as follows:

	28 Feb. 2021 R.O' 000	29 Feb. 2020 R.O' 000	Change %
Trade receivables	6,631	6,879	(4)
Less: Provisions	(1,754)	(1,717)	2
	4,877	5,162	(6)

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 29 Feb., 2021 are as follows:

Identity of Segments

	Fahud R.O' 000	Nimr R.O' 000	Rima R.O' 000	Totals R.O' 000
Segment Revenue	1,126	1,223	282	2,631
Segment Expenses	(695)	(757)	(219)	(1,671)
Segment Results	431	466	63	960

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Notes.

4. **Bank loans and overdrafts.**

These can be analysed as follows:

	28 Feb. 2021 R.O' 000	29 Feb. 2020 R.O' 000	Change %
Bank loans	688	1,867	(63)
Overdrafts	--	--	--
	688	1,867	(63)
Less: Current maturities of bank loans and Bank overdrafts.	(688)	(1,179)	(42)
Long term element and bank loans	--	688	(100)

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 rate 5.25% per annum.

The Bank overdraft facilities bear interest at 6.00% per annum and are renewable on 01st Sep, 2021

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

The maturity of the bank loans.

	28 Feb. 2021 R.O' 000	29 Feb. 2020 R.O' 000	Change %
Due within 1 year	688	1,179	(42)
Due after more than 1 year	--	688	(100)
	688	1,867	(63)

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Notes.

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.,2021		29 Feb. 2020	
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., 2021		29 Feb., 2020	
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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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. 2021 R.O'. 000	Market value 29 Feb. 2020 R.O'. 000	Book value 28 February. 2021 R.O' 000	Book value 29 Feb. 2020 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	N/A
Term deposits	N/A	N/A	N/A	N/A	N/A
Unquoted foreign shares	N/A	N/A	N/A	N/A	N/A
Other	N/A	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., 2021

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Notes.

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:

	28 February. 2021 R.O' 000	29 Feb. 2020 R.O' 000
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., 2021.

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., 2021				
MSM Unquoted securities	N/A		N/A	N/A
Foreign unquoted securities *	N/A		N/A	N/A
Totals as of 28 Feb. 2021	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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Notes.

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. 2021 R.O' 000	29 Feb. 2020 R.O' 000	Change %
Service Provider – Cost of sales	1,582	2,156	(27)
Other Services & insurance	106	130	(18)
	1,688	2,286	(26)

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. 2021 R.O' 000	29 Feb. 2020 R.O' 000	Change %
Cost of Sales –Catering and Supplies Co.LLC & - Marketing and Services Co. LLC.	1,582	2,156	(27)
Other services – Catering and Supplies Co.LLC, Risk Management Services. LLC , Carillion Alawi LLC	106	130	(18)
	1,688	2,286	(26)

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:

	29 Feb. 2021 R.O' 000	28 Feb. 2020 R.O' 000	Change %
Cost of utilities	-	-	-
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	1,739	-	-	1,739
Provided during the period	15	-	-	15
(Released) during the period	--	-	-	--
(Written off) during the period	--	-	-	--
Provisions Balance as of 28 Feb., 2021	1,754	-	-	1,754

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	6,631	-	-	6,631
Provisions Balance as of 28 February, 2021	(1,754)	-	-	(1,754)
Book value of Assets as of 28 February., 2021	4,877	-	-	4,877

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Notes.

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:

	29 February., 2021 (Nos.)	29 Feb., 2020 (Nos.)
Common Share Holders		
Alawi Enterprises	1,509,200	1,347,500
Catering and Supplies Co. LLC	1,509,200	1,347,500
Chatron Commercial Corporation	1,271,183	1,134,985
Azan Qais Abdulmunim Al Zawawi	953,432	851,279
Preferred Share Holders:	-	-