

***Interim report for 3 months ended 29 February, 2012***

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***DIRECTORS' REPORT  
FOR THE FIRST QUARTER ENDED ON FEBRUARY 29, 2012.***

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

On behalf of the Board of Directors, I am pleased to submit the unaudited Financial Statements of the company for the first quarter ended February 29, 2012 along with its related reports.

Although the business environment remains challenging, SHC has reported good performance and satisfactory financial results in the first quarter of 2012.

Revenue was higher by 19.2% at RO 2,060,153 as against RO 1,728,116 in the corresponding period of previous year. Net profit before tax increased from RO 448,135 in first quarter 2011 to RO 478,177 in the same period of 2012, a growth of 6.7%. Business continues to perform well and based on the trend of occupancy levels achieved at both PACs in the recent past, we anticipate continuing with excellent financial performance during the balance period of the current financial year.

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. Furthermore, I would extend our gratitude to his government for their co-operation and assistance with special mention of Ministry of Commerce & Industry, Muscat Security Market and Capital Market Authority.

I conclude this report by expressing our gratitude to the share holders, Petroleum Development Oman and clients for their valued support and cooperation.

For and on behalf of Board of Directors,

TALAL BIN QAIS AL ZAWAWI  
CHAIRMAN

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## Unaudited Summary of Performance.

	29 Feb. 2012 R.O' 000	28 Feb. 2011 R.O' 000	Change %
<b>Total assets @</b>	25,820	20,013	29
<b>Total liabilities @</b>	13,463	8,598	57
<b>Net assets @</b>	12,357	11,415	8
* <b>Net assets per share</b>	2.118	1.957	8
** <b>Current ratio @</b>	1.009	1.039	(3)

  

	3 months ended 29 Feb., 2012 R.O' 000	3 months ended 28 Feb., 2011 R.O' 000	Change %
<b>Gross Profit</b>	890	776	15
*** <b>Gross Profit margin @</b>	43%	45%	(4)
<b>Net Profit</b>	424	398	7
**** <b>Earnings per share</b>	0.073	0.068	7

\* 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 29 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 29 February 2012.

	Notes	29 February. 2012 R.O' 000	28 February. 2011 R.O' 000	Change %
<b>Fixed assets *</b>		22,049	16,827	31
		22,049	16,827	31
<b>Current assets</b>				
Inventories	1	12	14	(14)
Trade receivables	2&9	2,651	2,084	27
Receivable from related parties	8&9	--	--	--
Investments **	5,6,7&9	--	--	--
Bank and cash		1,108	1,088	2
Other assets		--	--	--
		3,771	3,186	18
<b>Total assets</b>		25,820	20,013	29
<b>Current liabilities</b>				
Trade and other creditors		199	179	11
Payable to related parties	8	1,764	2,073	(15)
Bank loans and overdrafts	4	1,723	766	125
Tax liability		51	47	9
		3,737	3,065	22
<b>Long term liabilities</b>				
Bank loans and overdrafts	4	9,588	5,414	77
Deferred Tax liability		138	119	16
Others		--	--	--
		9,726	5,533	76
<b>Total liabilities</b>		13,463	8,598	57
<b>Net Assets</b>		12,357	11,415	8
<b>Shareholders' funds</b>				
Share capital		5,833	5,833	--
Legal reserve		1,131	955	18
Retained earnings / (loss)		5,011	4,269	17
Profit and loss account		382	358	7
<b>Total shareholders' equity</b>		12,357	11,415	8

\* 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 29 February 2012.

	Notes	3 months ended 29 Feb. 2012 R.O'. 000	3 months ended 28 Feb. 2011 R.O'. 000	Change %
<b>Turnover/Revenue</b>	3	2,060	1,728	19
<b>Gross Profit</b>	3	890	776	15
Depreciation		(243)	(165)	47
Administration & general expenses		(82)	(83)	(1)
<b>Operating profit</b>		565	528	7
Finance charges	4	(87)	(80)	9
Investment income	6	--	--	--
<b>Profit before taxation and minority Interests</b>		478	448	7
<b>Taxation</b>		(54)	(50)	8
<b>Net profit attributable to ordinary Shareholders</b>		424	398	
<b>Dividend per share</b>		--	--	--
<b>* Net profit margin @</b>		21%	23%	(9)

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.

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

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 29 February, 2012.

	3 months ended 29 Feb. 2012 R.O'. 000	3 months ended 28 Feb. 2011 R.O'. 000	Change %
<b>Cash from operations</b>	817	1,370	(40)
Tax paid	(212)	(217)	(2)
Interest paid	(87)	(80)	9
Net cash from operating activities	518	1,073	(52)
Net cash used in investing activities	(1,292)	(1,720)	(25)
Net cash generated from/( used in) financing activities	1,506	260	479
Net increase / (decrease) in cash and cash equivalents	732	(387)	(289)
Cash and cash equivalents brought forward	376	1,475	(75)
<b>Cash and cash equivalents carried forward</b>	<b>1,108</b>	<b>1,088</b>	<b>2</b>

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## Statement of changes in equity

	Share Capital RO. '000	Legal Reserve RO. '000	Retained Earnings RO. '000	Total RO. '000
<b>As on 30 November , 2010</b>	<b>5,833</b>	<b>915</b>	<b>4,270</b>	<b>11,018</b>
Dividend paid	--	--	(817)	(817)
Profit for current year	--	--	1,731	1,731
Transfer to legal reserve	--	173	(173)	--
<b>As on 30 November, 2011</b>	<b>5,833</b>	<b>1,088</b>	<b>5,011</b>	<b>11,932</b>
<b>As on 30 November , 2011</b>	<b>5,833</b>	<b>1,088</b>	<b>5,011</b>	<b>11,932</b>
Dividend paid	--	--	--	--
Profit for current year	--	--	425	425
Transfer to legal reserve	--	43	(43)	--
<b>As on 29 February, 2012</b>	<b>5,833</b>	<b>1,131</b>	<b>5,393</b>	<b>12,357</b>

## Interim report for 3 months ended 29 February, 2012

### Notes.

#### 1. Inventories.

Inventories can be analysed as follows:

	29 February. 2012 R.O' 000	28 February. 2011 R.O' 000	Change %
Raw materials	-	-	-
Work in progress	-	-	-
Finished goods	12	14	(14)
Spares and consumables	-	-	-
Less: Provisions	-	-	-
	12	14	(14)

Finished goods at 29 February., 2012 represent ..... days of sales (2011 .... days)

#### 2 Trade receivables.

At 29 February., 2012 trade receivables can be analysed as follows:

	29 Feb. 2012 R.O' 000	28 Feb. 2011 R.O' 000	Change %
Trade receivables	2,673	2,102	27
Less: Provisions	(22)	(18)	22
	2,651	2,084	27

#### 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., 2012 are as follows:

#### Identity of Segments

	Fahud R.O' 000	Nimr R.O' 000	Totals R.O' 000
Segment Revenue	1,244	816	2,060
Segment Expenses	(736)	(434)	(1,170)
Segment Results	508	382	890



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Notes.

4. **Bank loans and overdrafts.**

These can be analysed as follows:

	29 Feb. 2012 R.O' 000	28 Feb. 2011 R.O' 000	Change %
Bank loans	11,311	6,180	83
Overdrafts	--	--	--
	11,311	6,180	83
Less: Current maturities of bank loans and Bank overdrafts.	(1,723)	(766)	125
Long term element and bank loans	9,588	5,414	77

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 5.8% and 7.75% per annum.

The Bank overdraft facilities bear interest at 6.00% per annum and are renewable on 1st, March 2013.

The bank loan-1 is repayable within 10 years from 14th Jun, 2008

The bank loan -2 is repayable within 7 years from August, 2011

The bank loan – 3 is repayable within 7 years from March, 2012

The bank loan -4 is repayable within 10 years from September, 2012

The maturity of the bank loans.

	29 Feb. 2012 R.O' 000	28 Feb. 2011 R.O' 000	Change %
Due within 1 year	1,723	766	125
Due after more than 1 year	9,588	5,414	77
	11,311	6,180	83

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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:

29 Feb.,2011		28 Feb. 2011	
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:

29 February., 2012		28 Feb., 2011	
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 29 February. 2012 R.O' 000	Market value 28 Feb. 2011 R.O' 000	Book value 29 February. 2012 R.O' 000	Book value 28 Feb. 2011 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 29 Feb., 2012

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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:

	29 February. 2012 R.O' 000	28 Feb. 2011 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 29 February., 2012.

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 29 Feb., 2012				
MSM Unquoted securities	N/A		N/A	N/A
Foreign unquoted securities *	N/A		N/A	N/A
Totals as of 29 Feb. 2012	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:

	29 Feb. 2012 R.O' 000	28 Feb. 2011 R.O' 000	Change %
Service Provider – Cost of sales	1,090	899	21
Other Services & insurance	94	82	15
Capital work in progress - construction	1,155	1,385	(17)
	2,339	2,366	(1)

### 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:

	29 Feb. 2012 R.O' 000	28 Feb. 2011 R.O' 000	Change %
Cost of Sales:–			
Catering and Supplies Co.LLC & Marketing and Services Co. LLC.	1,090	899	21
Other services & Insurance: Catering and Supplies Co.LLC & Risk Management Services. LLC	94	82	15
Capital work in progress :			
Carillion Alawi LLC & Catering and Supplies Co. LLC	1,155	1,385	(17)
	2,339	2,366	(1)

### 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. 2012 R.O' 000	28 Feb. 2011 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	20	-	-	20
Provided during the period	2	-	-	2
(Released) during the period	--	-	-	--
(Written off) during the period	--	-	-	--
Provisions Balance as of 29 Feb., 2012	22	-	-	22

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	2,673	-	-	2,673
Provisions Balance as of 29 February., 2012	(22)	-	-	(22)
Book value of Assets as of 29 February., 2012	2,651	-	-	2,651

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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:

	29 February., 2012 (Nos.)	28 Feb., 2011 (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	719,466
Azan Qais Abdulmunim Al Zawawi	<b>596,372</b>	509,578
<b>Preferred Share Holders:</b>	-	-