

**Interim report for 9 months ended 31<sup>st</sup> August, 2012**

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**Interim report for 9 months ended 31<sup>st</sup> August, 2012**

***DIRECTORS' REPORT  
FOR THE THIRD QUARTER ENDED ON AUGUST 31, 2012***

On behalf of the Board of Directors I am pleased to submit the unaudited Financial Statements of the company for the third quarter ended on August 31, 2012 along with related reports.

The performance of the current year has been excellent and shows a further increase in gross revenue of 40% at RO 7,915,211 as against RO 5,641,993 recorded in the same period of last year. Net profit of RO 1,454,220 for the period has been increased by 14% to last year figure of RO 1,277,205.

The above stated results are attributable to additional accommodations facilities at Nimr. It is also to be noted that further progress in occupancy level at PAC Nimr is expected which will improve revenue in the coming period.

We are pleased to advise you that Sahara remain committed to provide quality services and execute all works in full compliance with company HSE plan, established policies and procedures. In this context, we are proud to state that on September 1, 2012, SHC completed 12 years safe work without LTI at PAC Fahud and plan is in progress to celebrate this great achievement and reward involved staff for their continual commitment and excellent work done.

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 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

## Interim report for 9 months ended 31<sup>st</sup> August, 2012

### UNAUDITED SUMMARY OF PERFORMANCE

	31 August 2012 R.O' 000	31 August 2011 R.O' 000	Change %
<b>Total assets @</b>	28,164	23,291	21
<b>Total liabilities @</b>	15,594	11,813	32
<b>Net assets @</b>	12,570	11,478	10
* <b>Net assets per share</b>	2.155	1.968	10
** <b>Current ratio @</b>	1.081	0.874	24

	9 months ended 31 Aug., 2012 R.O' 000	9 months ended 31 Aug., 2011 R.O' 000	Change %
<b>Gross Profit</b>	3,073	2,519	22
*** <b>Gross Profit margin @</b>	39%	45%	(13)
<b>Net Profit</b>	1,454	1,277	14
**** <b>Earnings per share</b>	0.249	0.219	14

\* Net assets (book value) per share is calculated by dividing the net assets (book value) at 31 Aug. by the number of ordinary shares in issue at 31 Aug..

\*\* Current ratio represents the ratio of current assets to current liabilities at 31 Aug 2012.

\*\*\* 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 31 Aug.2012 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 31 August, 2012.**

	Notes	31 Aug. 2012 R.O' 000	31 Aug.2011 R.O' 000	Change %
<b>Fixed assets *</b>		21,912	20,360	8
		<b>21,912</b>	<b>20,360</b>	<b>8</b>
<b>Current assets</b>				
Inventories	1	13	11	18
Trade receivables	2&9	5,523	2,496	121
Receivable from related parties	8&9	-	-	-
Investments **	5,6,7&9	-	-	-
Bank and cash		716	424	69
Other assets			-	
		6,252	2,931	113
<b>Total assets</b>		<b>28,164</b>	<b>23,291</b>	<b>21</b>
<b>Current liabilities</b>				
Trade and other creditors		267	198	35
Payable to related parties	8	3,448	1,462	136
Bank loans and overdrafts	4	1,883	1,535	23
Tax liability		185	160	16
		5,783	3,355	72
<b>Long term liabilities</b>				
Payable to related parties		-	269	(100)
Bank loans and overdrafts	4	9,666	8,062	20
Deferred Tax liability		145	127	14
Others		-	-	-
		9,811	8,458	16
<b>Total liabilities</b>		<b>15,594</b>	<b>11,813</b>	<b>32</b>
<b>Net Assets</b>		<b>12,570</b>	<b>11,478</b>	<b>10</b>
<b>Shareholders' funds</b>				
Share capital		5,833	5,833	-
Legal reserve		1,234	1,043	18
Retained earnings / (loss)		4,194	3,453	21
Profit and loss account		1,309	1,149	14
<b>Total shareholders' equity</b>		<b>12,570</b>	<b>11,478</b>	<b>10</b>

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

\*\* Investments include fixed term deposits.

**Interim report for 9 months ended 31<sup>st</sup> August, 2012**

**Unaudited consolidated Statement of Comprehensive Income**  
 For the 9 months ended 31 Aug., 2012.

	Notes	9 months ended 31 Aug 2012 R.O.'000	9 months ended 31 Aug 2011 R.O. '000	Change %
<b>Turnover/Revenue</b>	3	<b>7,915</b>	<b>5,642</b>	<b>40</b>
<b>Gross Profit</b>	3	<b>3,073</b>	<b>2,519</b>	<b>22</b>
Depreciation		(741)	(534)	39
Administration & general expenses		(252)	(244)	3
<b>Operating profit</b>		<b>2,080</b>	<b>1,741</b>	<b>19</b>
Finance charges	4	(432)	(293)	47
Investment income	6	-	-	-
Other Income		-	-	-
<b>Profit before taxation and minority Interests</b>		<b>1,648</b>	<b>1,448</b>	<b>14</b>
<b>Taxation</b>		<b>(194)</b>	<b>(171)</b>	<b>13</b>
<b>Net profit attributable to ordinary Shareholders</b>		<b>1,454</b>	<b>1,277</b>	<b>14</b>
<b>Dividend per share</b>		-	-	-
<b>* Net profit margin @</b>		<b>18%</b>	<b>23%</b>	<b>(22)</b>

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.

**Interim report for 9 months ended 31<sup>st</sup> August, 2012**

**Unaudited consolidated Statement of Cash Flows**  
 For the 9 months ended 31 Aug., 2012.

	<b>9 months ended 31 Aug 2012 R.O'. 000</b>	<b>9 months ended 31 Aug 2011 R.O'. 000</b>	<b>Change %</b>
<b>Cash from operations</b>	1,709	2,220	(23)
Tax paid	(213)	(217)	(2)
Interest paid	(432)	(293)	47
Net cash from operating activities	1,064	1,710	(38)
Net cash used in investing activities	(1,653)	(5,622)	(71)
Net cash used in financing activities	929	2,860	(68)
Net increase (decrease) in cash and cash equivalents	340	(1,052)	(132)
Cash and cash equivalents brought forward	376	1,476	(75)
<b>Cash and cash equivalents carried forward</b>	<b>716</b>	<b>424</b>	<b>69</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	--	--	(816)	(816)
Profit for current year	--	--	1,454	1,454
Transfer to legal reserve	--	146	(146)	--
<b>As on 31 August, 2012</b>	<b>5,833</b>	<b>1,234</b>	<b>5,503</b>	<b>12,570</b>

**Interim report for 9 months ended 31<sup>st</sup> August, 2012**

**Notes.**

**1. Inventories.**

Inventories can be analysed as follows:

	31 Aug 2012 R.O' 000	31 Aug 2011 R.O' 000	Change %
Raw materials	-	-	-
Work in progress	-	-	-
Finished goods	13	11	18
Spares and consumables	-	-	-
Less: Provisions	-	-	-
	13	11	18

Finished goods at 31 Aug., 2012 represent ..... Days of sales (2011 .... days)

**2 Trade receivables.**

At 31 Aug., 2012 trade receivables can be analysed as follows:

	31 Aug 2012 R.O' 000	31 Aug 2011 R.O' 000	Change %
Trade receivables	5,549	2,519	120
Less: Provisions	(26)	(23)	13
	5,523	2,496	121

**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 31 Aug., 2012 are as follows:

Identity of Segments

	Fahud	Nimr	Rima	Totals
Segment Revenue	4,378	3,494	43	7,915
Segment Expenses	(2,773)	(2,039)	(30)	(4,842)
Segment Results	1,605	1,455	13	3,073

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Notes.

4. **Bank loans and overdrafts.**  
 These can be analysed as follows:

	31 Aug 2012 R.O' 000	31 Aug 2011 R.O' 000	Change %
Bank loans	11,549	9,597	20
Overdrafts	-	-	-
	11,549	9,597	20
Less: Current maturities of bank loans and Bank overdrafts.	(1,883)	(1,535)	23
Long term element and bank loans	9,666	8,062	20

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.

	31 Aug 2012 R.O' 000	31 Aug 2011 R.O' 000	Change %
Due within 1 year	1,883	1,535	23
Due after more than 1 year	9,666	8,062	20
	11,549	9,597	20

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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:

31 Aug., 2012		31 Aug., 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:

31 Aug., 2012		31 Aug., 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 31 Aug 2012 R.O'. 000	Market value 31 Aug 2011 R.O'. 000	Book value 31 Aug 2012 R.O' 000	Book value 31 Aug 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	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 31 Aug., 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:

	31 Aug 2012 R.O' 000	31 Aug 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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Notes.

**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 31 Aug., 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 31 Aug., 2012					
MSM Unquoted securities		N/A		N/A	N/A
Foreign unquoted securities *		N/A		N/A	N/A
Totals as of 31 Aug. 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:

	<b>31 Aug 2012 R.O' 000</b>	<b>31 Aug 2011 R.O' 000</b>	<b>Change %</b>
Cost of sales – Catering	5,220	2,941	77
Other Services, insurance	238	239	-
Construction – PAC Extension	1,369	4,192	(67)
	<b>6,827</b>	<b>7,372</b>	<b>(7)</b>

**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:

	<b>31 Aug 2012 R.O' 000</b>	<b>31 Aug 2011 R.O' 000</b>	<b>Change %</b>
Cost of Sales – Catering and Supplies Co. LLC. Marketing and Services Co. LLC	5,220	2,941	77
Other services – Catering and Supplies Co. LLC. Risk Management Services LLC Carillion Alawi LLC	238	239	-
Construction - Carillion Alawi LLC and Catering and Supplies Co.	1,369	4,192	(67)
	<b>6,827</b>	<b>7,372</b>	<b>(7)</b>

**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:

	<b>31 Aug 2012 R.O' 000</b>	<b>31 Aug 2011 R.O' 000</b>	<b>Change %</b>
Cost of utilities - Catering and Supplies Co. LLC.	-	-	
Provisions	-	-	
Write-offs	-	-	
Receivable from related parties	-	-	

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**Notes.**

**9. Provisions.**

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

Provisions for:	Advances & Receivables	Value of Investments	Other	Total
Beginning balance of provisions	20	-	-	20
Provided during the period	6	-	-	6
(Released) during the period	-	-	-	-
(Written off) during the period	-	-	-	-
Provisions Balance as of 31 Aug., 2012	26	-	-	26

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

Book value of Assets:	Advances & Receivables	Investments	Other	Total
Value of Assets before provisions	5,549	-	-	5,549
Provisions Balance as of 31 Aug., 2012	(26)	-	-	(26)
Book value of Assets as of 31 Aug., 2012	5,523	-	-	5,523

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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:

	<b>31 Aug., 2012 (Nos.)</b>	<b>31 Aug., 2011 (Nos.)</b>
<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	596,372	509,578
<b>Preferred Share Holders:</b>	-	-