

Interim report for 3 months ended 29 February, 2020

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

Interim report for 3 months ended 29th February, 2020

DIRECTORS' REPORT FOR THE FIRST QUARTER ENDED ON FEBRUARY 29, 2020.

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 29, 2020 along with its related reports.

The company has reported revenue of RO. 3,527,055 for the period under review as against RO 3,187,165 in the corresponding period of previous year. Net profit after tax for the same period was RO. 751,613 as against RO. 559,715 recorded in the same period of last year.

The total shareholders fund increased from RO. 22,238,208 at the end of the first quarter of the year 2019 to RO. 22,607,219 in the same period of 2020. As a result of this growth, the net assets per share increased from RO.3.301 in the year 2019 to RO. 3.355 for the same period of the year 2020.

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

25th March, 2020

Interim report for 3 months ended 29th February, 2020

Unaudited Summary of Performance.

	29 Feb. 2020 R.O' 000	28 Feb. 2019 R.O' 000	Change %
Total assets @	28,934	28,530	1.42
Total liabilities @	6,327	6,291	0.57
Net assets @	22,607	22,239	1.65
* Net assets per share	3.355	3.301	(7.59)
** Current ratio @	2.074	2.648	(21.66)

	3 months ended 29 Feb., 2020 R.O' 000	3 months ended 28 Feb., 2019 R.O' 000	Change %
Gross Profit	1,285	1,085	18.43
*** Gross Profit margin @	36%	34%	5.88
Net Profit	751	560	34.11
**** Earnings per share	0.111	0.083	21.98

* Net assets (book value) per share is calculated by dividing the net assets (book value) at 29 February. by the number of ordinary shares in issue at 29 February..

** Current ratio represents the ratio of current assets to current liabilities at 29 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 29 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 2020.

	Notes	29 February. 2020 R.O' 000	28 February. 2019 R.O' 000	Change %
Fixed assets *		17,476	17,126	2
		17,476	17,126	2
Current assets				
Inventories	1	23	22	4
Trade receivables	2&9	5,162	5,195	(0)
Receivable from related parties	8&9	52	155	(66)
Investments **	5,6,7&9	--	--	--
Bank and cash		6,221	6,032	3
Other assets		-	-	--
		11,458	11,404	0
Total assets		28,934	28,530	1
Current liabilities				
Trade and other creditors		1,908	1,308	46
Payable to related parties	8	2,305	1,725	34
Bank loans and overdrafts	4	1,179	1,179	--
Tax liability		132	95	39
		5,524	4,307	28
Long term liabilities				
Bank loans and overdrafts	4	688	1,867	(63)
Deferred Tax liability		115	117	(2)
		803	1,984	(59)
Total liabilities		6,327	6,291	0
Net Assets		22,607	22,239	2
Shareholders' funds				
Share capital		6,738	6,125	10
Legal reserve		2,065	2,042	1
Retained earnings / (loss)		13,804	14,072	(2)
Total shareholders' equity		22,607	22,239	2

* 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 2020.

	Notes	3 months ended 29 Feb. 2020 R.O'. 000	3 months ended 28 Feb. 2019 R.O'. 000	Change %
Turnover/Revenue	3	3,527	3,187	10
Gross Profit	3	1,285	1,085	18
Other income		--	--	--
Depreciation		(268)	(255)	5
Administration & general expenses		(151)	(138)	9
Operating profit		866	692	25
Finance charges	4	18	(33)	(154)
Investment income	6	--	--	--
Profit before taxation and minority Interests		884	659	34
Taxation		(133)	(99)	34
Net profit attributable to ordinary Shareholders		751	560	34
Dividend per share				
* Net profit margin @		21%	18%	21

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 29 February, 2020.

	3 months ended 29 Feb. 2020 R.O'. 000	3 months ended 28 Feb. 2019 R.O'. 000	Change %
Cash from operations	2,680	705	280
Tax paid	(463)	(420)	10
Interest paid	18	(34)	(153)
Net cash from operating activities	2,235	251	790
Net cash used in investing activities	(5)	(190)	(97)
Net cash generated from/(used in) financing activities	(1,520)	(295)	415
Net increase / (decrease) in cash and cash equivalents	710	(234)	(403)
Cash and cash equivalents brought forward	5,511	6,266	(12)
Cash and cash equivalents carried forward	6,221	6,032	3

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Statement of changes in equity

For the 3 months ended 29 February 2020.

	Share Capital RO. '000	Legal Reserve RO. '000	Retained Earnings RO. '000	Total RO. '000
As on 30 November , 2018	6,125	2,042	13,342	21,509
Bonus Share	--	--	--	--
Dividend paid	--	--	(1,225)	(1,225)
Profit for current year	--	--	2,797	2,797
Transfer to legal reserve	--	--	--	--
As on 30 November, 2019	6,125	2,042	14,914	23,081
As on 30 November , 2019	6,125	2,042	14,914	23,081
Bonus Share	613	--	(613)	--
Dividend paid	--	--	(1,225)	(1,225)
Profit for current year	--	--	728	728
Transfer to legal reserve	--	23	--	23
As on 29 February, 2020	6,738	2,065	13,804	22,607

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Notes.

1. Inventories.

Inventories can be analysed as follows:

	29 February. 2020 R.O' 000	28 February. 2019 R.O' 000	Change %
Raw materials	-	-	-
Work in progress	-	-	-
Finished goods	23	22	5
Spares and consumables	-	-	-
Less: Provisions	-	-	-
	23	22	5

Finished goods at 29 February., 2020 represent days of sales (2020 days)

2. Trade receivables.

At 29 February., 2020 trade receivables can be analysed as follows:

	29 Feb. 2020 R.O' 000	28 Feb. 2019 R.O' 000	Change %
Trade receivables	6,879	6,710	3
Less: Provisions	(1,717)	(1,515)	13
	5,162	5,195	(1)

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., 2020 are as follows:

Identity of Segments

	Fahud R.O' 000	Nimr R.O' 000	Rima R.O' 000	Totals R.O' 000
Segment Revenue	1,562	1,667	298	3,527
Segment Expenses	(983)	(1,033)	(226)	(2,242)
Segment Results	579	634	72	1,285

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Notes.

4. **Bank loans and overdrafts.**

These can be analysed as follows:

	29 Feb. 2020 R.O' 000	28 Feb. 2019 R.O' 000	Change %
Bank loans	1,867	3,046	(39)
Overdrafts	--	--	--
	1,867	3,046	(39)
Less: Current maturities of bank loans and Bank overdrafts.	(1,179)	(1,179)	--
Long term element and bank loans	688	1,867	(63)

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 27th July, 2020

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

The maturity of the bank loans.

	29 Feb. 2020 R.O' 000	28 Feb. 2019 R.O' 000	Change %
Due within 1 year	1,179	1,179	-
Due after more than 1 year	688	1,867	(63)
	1,867	3,046	(39)

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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.,2020		28 Feb. 2019	
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., 2020		28 Feb., 2019	
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. 2020 R.O'. 000	Market value 28 Feb. 2019 R.O'. 000	Book value 29 February. 2020 R.O' 000	Book value 28 Feb. 2019 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., 2020

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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. 2020 R.O' 000	28 Feb. 2019 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 29 February., 2020.

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., 2020				
MSM Unquoted securities	N/A		N/A	N/A
Foreign unquoted securities *	N/A		N/A	N/A
Totals as of 29 Feb. 2020	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. 2020 R.O' 000	28 Feb. 2019 R.O' 000	Change %
Service Provider – Cost of sales	2,156	2,021	7
Other Services & insurance	130	160	(19)
	2,286	2,181	5

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. 2020 R.O' 000	28 Feb. 2019 R.O' 000	Change %
Cost of Sales –Catering and Supplies Co.LLC & - Marketing and Services Co. LLC.	2,156	2,021	7
Other services – Catering and Supplies Co.LLC, Risk Management Services. LLC , Carillion Alawi LLC	130	160	(19)
	2,286	2,181	5

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. 2020 R.O' 000	28 Feb. 2019 R.O' 000	Change %
Cost of utilities	-	-	-
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 RO '000	Value of Investments RO '000	Other RO '000	Total RO '000
Beginning balance of provisions	1,681	-	-	1,681
Provided during the period	36	-	-	36
(Released) during the period	--	-	-	--
(Written off) during the period	--	-	-	--
Provisions Balance as of 29 Feb., 2020	1,717	-	-	1,717

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	6,879	-	-	6,879
Provisions Balance as of 29 February., 2020	(1,717)	-	-	(1,717)
Book value of Assets as of 29 February., 2020	5,162	-	-	5,162

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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., 2020 (Nos.)	28 Feb., 2019 (Nos.)
Common Share Holders		
Alawi Enterprises	1,347,500	1,225,000
Catering and Supplies Co. LLC	1,347,500	1,225,000
Chatron Commercial Corporation	1,134,985	1,031,805
Azan Qais Abdulmunim Al Zawawi	851,279	626,190
Preferred Share Holders:	-	-