

***Interim report for 3 months ended 28 February, 2014***

INDEX

	Page
Chairman's Report	1
Unaudited summary of performance	2
Unaudited consolidated Statement of Financial Position	3
Unaudited consolidated Statement of Comprehensive Income	4
Unaudited consolidated Statement of Cash Flows	5
Statement of changes in Equity	6
Notes to financial statements	7 -15



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

Interim report for 3 months ended 28 February, 2014

***DIRECTORS' REPORT  
FOR THE FIRST QUARTER ENDED ON FEBRUARY 28, 2014.***

***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, 2014 along with its related reports.

The company has reported revenue for the first quarter of the year at RO 2,857,600 as against RO 2,960,094 in the corresponding period of previous year. Net profit after tax for the same period was RO 426,058 as against RO 577,030 recorded in the same period of last year. The decrease in net profit is due to additional provision booked this year against a doubtful debt.

The total shareholders fund increased from RO 13,693,767 at the end of first quarter of the year 2013 to RO 14,522,855 in the same period of 2014. As a result of this growth, the net assets per share increased from RO2.347 in the year 2013 to RO 2.490 for the same period of the year 2014.

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

26<sup>th</sup> March, 2014.

Interim report for 3 months ended 28 February, 2014

## Unaudited Summary of Performance.

	28 Feb. 2014 R.O' 000	28 Feb. 2013 R.O' 000	Change %
<b>Total assets @</b>	27,273	29,174	(7)
<b>Total liabilities @</b>	12,750	15,480	(18)
<b>Net assets @</b>	14,523	13,694	6
* <b>Net assets per share</b>	2.490	2.348	6
** <b>Current ratio @</b>	1.032	1.059	(3)

	3 months ended 28 Feb., 2014 R.O' 000	3 months ended 28 Feb., 2013 R.O' 000	Change %
<b>Gross Profit</b>	1,119	1,168	(4)
*** <b>Gross Profit margin @</b>	39%	41%	(5)
<b>Net Profit</b>	426	577	(26)
**** <b>Earnings per share</b>	0.073	0.099	(26)

\* 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.

Interim report for 3 months ended 28 February, 2014

## Unaudited consolidated Statement of Financial Position at 28 February 2014.

	Notes	28 February. 2014 R.O' 000	28 February. 2013 R.O' 000	Change %
<b>Fixed assets *</b>		21,775	22,179	(2)
		21,775	22,179	(2)
<b>Current assets</b>				
Inventories	1	12	9	33
Trade receivables	2&9	4,595	5,172	(11)
Receivable from related parties	8&9	--	--	--
Investments **	5,6,7&9	--	--	--
Bank and cash		891	1,814	(51)
Other assets		--	--	--
		5,498	6,995	(21)
<b>Total assets</b>		27,273	29,174	(7)
<b>Current liabilities</b>				
Trade and other creditors		244	251	(3)
Payable to related parties	8	3,135	4,399	(29)
Bank loans and overdrafts	4	1,883	1,883	--
Tax liability		67	71	(6)
		5,329	6,604	(19)
<b>Long term liabilities</b>				
Bank loans and overdrafts	4	6,842	8,725	(22)
Deferred Tax liability		86	151	(43)
Payable to related parties		493	--	100
		7,421	8,876	(16)
<b>Total liabilities</b>		12,750	15,480	(18)
<b>Net Assets</b>		14,523	13,694	6
<b>Shareholders' funds</b>				
Share capital		5,833	5,833	--
Legal reserve		1,517	1,346	13
Retained earnings / (loss)		6,790	5,995	13
Profit and loss account		383	520	(26)
<b>Total shareholders' equity</b>		14,523	13,694	6

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

\*\* Investments include fixed term deposits.

Interim report for 3 months ended 28 February, 2014

## Unaudited consolidated Statement of Comprehensive Income For the 3 months ended 28 February 2014.

	Notes	3 months ended 28 Feb. 2014 R.O'. 000	3 months ended 28 Feb. 2013 R.O'. 000	Change %
<b>Turnover/Revenue</b>	3	2,858	2,960	(3)
<b>Gross Profit</b>	3	1,119	1,168	(4)
Depreciation		(279)	(262)	6
Administration & general expenses		(237)	(98)	142
<b>Operating profit</b>		603	808	(25)
Finance charges	4	(123)	(156)	(21)
Investment income	6	--	--	--
<b>Profit before taxation and minority Interests</b>		480	652	(26)
<b>Taxation</b>		(54)	(75)	(28)
<b>Net profit attributable to ordinary Shareholders</b>		426	577	(26)
<b>Dividend per share</b>		--	--	--
<b>* Net profit margin @</b>		15%	20%	(25)

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 3 months ended 28 February, 2014

## Unaudited consolidated Statement of Cash Flows

For the 3 months ended 28 February, 2014.

	3 months ended 28 Feb. 2014 R.O'. 000	3 months ended 28 Feb. 2013 R.O'. 000	Change %
<b>Cash from operations</b>	730	1,960	(63)
Tax paid	(288)	(257)	12
Interest paid	(123)	(156)	(21)
Net cash from operating activities	319	1,547	(79)
Net cash used in investing activities	(22)	(374)	(94)
Net cash generated from/( used in) financing activities	(471)	(471)	-
Net increase / (decrease) in cash and cash equivalents	(174)	702	(125)
Cash and cash equivalents brought forward	1,065	1,112	(4)
<b>Cash and cash equivalents carried forward</b>	<b>891</b>	<b>1,814</b>	<b>(51)</b>

Interim report for 3 months ended 28 February, 2014

## Statement of changes in equity

For the 3 months ended 28 February 2014.

	Share Capital RO. '000	Legal Reserve RO. '000	Retained Earnings RO. '000	Total RO. '000
<b>As on 30 November , 2012</b>	<b>5,833</b>	<b>1,289</b>	<b>5,995</b>	<b>13,117</b>
Dividend paid	--	--	(875)	(875)
Profit for current year	--	--	1,855	1,855
Transfer to legal reserve	--	185	(185)	--
<b>As on 30 November, 2013</b>	<b>5,833</b>	<b>1,474</b>	<b>6,790</b>	<b>14,097</b>
<b>As on 30 November , 2013</b>	<b>5,833</b>	<b>1,474</b>	<b>6,790</b>	<b>14,097</b>
Dividend paid	--	--	--	--
Profit for current year	--	--	426	426
Transfer to legal reserve	--	43	(43)	--
<b>As on 28 February, 2014</b>	<b>5,833</b>	<b>1,517</b>	<b>7,173</b>	<b>14,523</b>

Interim report for 3 months ended 28 February, 2014

## Notes.

### 1. Inventories.

Inventories can be analysed as follows:

	28 February. 2014 R.O' 000	28 February. 2013 R.O' 000	Change %
Raw materials	-	-	-
Work in progress	-	-	-
Finished goods	12	9	33
Spares and consumables	-	-	-
Less: Provisions	-	-	-
	12	9	33

Finished goods at 28 February., 2014 represent ..... days of sales (2013 .... days)

### 2. Trade receivables.

At 28 February., 2014 trade receivables can be analysed as follows:

	28 Feb. 2014 R.O' 000	28 Feb. 2013 R.O' 000	Change %
Trade receivables	5,376	5,272	2
Less: Provisions	(781)	(100)	681
	4,595	5,172	(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., 2014 are as follows:

#### Identity of Segments

	Fahud R.O' 000	Nimr R.O' 000	Rima R.O' 000	Totals R.O' 000
Segment Revenue	1,247	1,436	175	2,858
Segment Expenses	(756)	(842)	(141)	(1,739)
Segment Results	491	594	34	1,119



Interim report for 3 months ended 28 February, 2014

Notes.

4. **Bank loans and overdrafts.**

These can be analysed as follows:

	28 Feb. 2014 R.O' 000	28 Feb. 2013 R.O' 000	Change %
Bank loans	8,725	10,608	(18)
Overdrafts	--	--	--
	8,725	10,608	(18)
Less: Current maturities of bank loans and Bank overdrafts.	(1,883)	(1,883)	--
Long term element and bank loans	6,842	8,725	(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 5.5% and 7.75% per annum.

The Bank overdraft facilities bear interest at 6.00% per annum and are renewable on 23rd, May 2014.

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.

	28 Feb. 2014 R.O' 000	28 Feb. 2013 R.O' 000	Change %
Due within 1 year	1,883	1,883	--
Due after more than 1 year	6,842	8,725	(22)
	8,725	10,608	(18)

Interim report for 3 months ended 28 February, 2014

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., 2014		28 Feb. 2013	
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., 2014		28 Feb., 2013	
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.

## Interim report for 3 months ended 28 February, 2014

### 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. 2014 R.O'. 000	Market value 28 Feb. 2013 R.O'. 000	Book value 28 February. 2014 R.O' 000	Book value 28 Feb. 2013 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., 2014

Interim report for 3 months ended 28 February, 2014

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:

	<b>28 February. 2014 R.O' 000</b>	<b>28 Feb. 2013 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

Interim report for 3 months ended 28 February, 2014

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 28 February., 2014.

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., 2014				
MSM Unquoted securities	N/A		N/A	N/A
Foreign unquoted securities *	N/A		N/A	N/A
Totals as of 28 Feb. 2014	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.

Interim report for 3 months ended 28 February, 2014

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. 2014 R.O' 000	28 Feb. 2013 R.O' 000	Change %
Service Provider – Cost of sales	1,673	1,591	5
Other Services & insurance	285	244	17
Capital work in progress - construction	--	270	(100)
	1,958	2,105	(7)

### 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. 2014 R.O' 000	28 Feb. 2013 R.O' 000	Change %
Cost of Sales:–			
Catering and Supplies Co.LLC & Marketing and Services Co. LLC.	1,673	1,591	5
Other services & Insurance: Catering and Supplies Co.LLC & Risk Management Services. LLC	285	244	17
Capital work in progress :			
Carillion Alawi LLC & Catering and Supplies Co. LLC	--	270	(100)
	1,958	2,105	(7)

### 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. 2014 R.O' 000	28 Feb. 2013 R.O' 000	Change %
Cost of utilities – Catering and Supplies Co.	-	-	-
Catering services – Carillion Alawi LLC	-	-	-
Provisions	-	-	-
Write-offs	-	-	-
Receivable from related parties	-	-	-

Interim report for 3 months ended 28 February, 2014

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	623	-	-	623
Provided during the period	158	-	-	158
(Released) during the period	--	-	-	--
(Written off) during the period	--	-	-	--
Provisions Balance as of 28 Feb., 2014	781	-	-	781

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	5,376	-	-	5,376
Provisions Balance as of 28 February., 2014	(781)	-	-	(781)
Book value of Assets as of 28 February., 2014	4,595	-	-	4,595

Interim report for 3 months ended 28 February, 2014

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>28 February., 2014 (Nos.)</b>	<b>28 Feb., 2013 (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	982,672
Azan Qais Abdulmunim Al Zawawi	596,372	596,372
 <b>Preferred Share Holders:</b>	 -	 -