

## 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

***DIRECTORS' REPORT  
FOR THE SECOND QUARTER ENDED ON MAY 31, 2014.***

On behalf of the Board of Directors, I am pleased to submit the unaudited Financial Statements of the company for the second quarter ended on May 31, 2014 along with related reports.

Revenue was RO 5,744,284 as against RO 5,912,627 in the corresponding period in the previous year whereas net Profit after taxes for the period has been reduced to RO 879,996 as against RO 981,041. As reported earlier, recoverability of a specific receivable is doubtful and an allowance is created during this year to recognise this potential loss that has resulted in an adverse impact on current financial year profitability.

The total shareholders fund increased from RO 13,222,778 at the end of May 2013 to RO 14,101,793 at the end of May 2014 and as a result of this growth, the net assets per share has been increased to R.O.2.417.

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

## UNAUDITED SUMMARY OF PERFORMANCE.

	31 May 2014 R.O' 000	31 May 2013 R.O' 000	Change %
<b>Total assets @</b>	26,397	27,780	(5)
<b>Total liabilities @</b>	12,295	14,557	(16)
<b>Net assets @</b>	14,102	13,223	7
* <b>Net assets per share</b>	2.417	2.267	7
** <b>Current ratio @</b>	1.016	0.972	5

  

	6 months ended 31 May, 2014 R.O' 000	6 months ended 31 May, 2013 R.O' 000	Change %
<b>Gross Profit</b>	2,254	2,331	(3)
*** <b>Gross Profit margin @</b>	39%	39%	-
<b>Net Profit</b>	880	981	(10)
**** <b>Earnings per share</b>	0.151	0.168	(10)

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

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

\*\*\* 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 May. 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.

## Unaudited consolidated Statement of Financial Position at 31 May, 2014.

	Notes	31 May 2014 R.O' 000	31 May 2013 R.O' 000	Change %
<b>Fixed assets *</b>		21,498	22,414	(4)
		21,498	22,414	(4)
<b>Current assets</b>				
Inventories	1	9	7	29
Trade receivables	2&9	4,423	5,042	(12)
Receivable from related parties	8&9	--	--	--
Investments **	5,6,7&9	--	--	--
Bank and cash		467	317	47
Other assets		--	--	--
		4,899	5,366	(9)
<b>Total assets</b>		26,397	27,780	(5)
<b>Current liabilities</b>				
Trade and other creditors		175	190	(8)
Payable to related parties	8	3,094	3,773	(18)
Bank loans and overdrafts	4	1,412	1,412	--
Tax liability		143	145	(1)
		4,824	5,520	(13)
<b>Long term liabilities</b>				
Payable to related parties	8	556	180	209
Bank loans and overdrafts	4	6,842	8,725	(22)
Deferred Tax liability		73	132	(45)
Others		--	--	--
		7,471	9,037	(17)
<b>Total liabilities</b>		12,295	14,557	(16)
<b>Net Assets</b>		14,102	13,223	7
<b>Shareholders' funds</b>				
Share capital		5,833	5,833	--
Legal reserve		1,562	1,387	13
Retained earnings / (loss)		5,915	5,120	16
Profit and loss account		792	883	(10)
<b>Total shareholders' equity</b>		14,102	13,223	7

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

\*\* Investments include fixed term deposits.

### Unaudited consolidated Statement of Comprehensive Income For 6 months ended 31 May, 2014.

	Notes	6 months ended 31 May, 2014 R.O.' 000	6 months ended 31 May, 2013 R.O. '000	Change %
<b>Turnover/Revenue</b>	3	5,744	5,913	(3)
<b>Gross Profit</b>	3	2,254	2,331	(3)
Depreciation		(557)	(524)	6
Administration & general expenses		(461)	(384)	20
<b>Operating profit</b>		<b>1,236</b>	<b>1,423</b>	<b>(13)</b>
Finance charges	4	(240)	(312)	(23)
Investment income	6	--	--	--
Other income		--	--	--
<b>Profit before taxation and minority Interests</b>		<b>996</b>	<b>1,111</b>	(10)
Taxation		(116)	(130)	(11)
<b>Net profit attributable to ordinary Shareholders</b>		<b>880</b>	<b>981</b>	<b>(10)</b>
<b>Dividend per share</b>		--	--	--
<b>* Net profit margin @</b>		15%	17%	(12)

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.

**Unaudited consolidated Statement of Cash Flows  
 For the 6 months ended 31 May, 2014.**

	6 months ended 31 May, 2014 R.O'. 000	6 months ended 31 May, 2013 R.O'. 000	Change %
<b>Cash from operations</b>	1,770	2,462	(28)
Tax paid	(289)	(257)	12
Interest paid	(240)	(312)	(23)
Net cash from operating activities	1,241	1,893	(34)
Net cash used in investing activities	(23)	(872)	(97)
Net cash used in financing activities	(1,816)	(1,816)	--
Net increase (decrease) in cash and cash equivalents	(598)	(795)	(25)
Cash and cash equivalents brought forward	1,065	1,112	(4)
<b>Cash and cash equivalents carried forward</b>	467	317	47

## 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 , 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	--	--	(875)	(875)
Profit for current year	--	--	880	880
Transfer to legal reserve	--	88	(88)	--
<b>As on 31 May, 2014</b>	<b>5,833</b>	<b>1,562</b>	<b>6,707</b>	<b>14,102</b>

### Notes.

#### 1. Inventories.

Inventories can be analysed as follows:

	31 May 2014 R.O' 000	31 May.2013 R.O' 000	Change %
Raw materials	-	-	-
Work in progress	-	-	-
Finished goods	9	7	29
Spares and consumables	-	-	-
Less: Provisions	-	-	-
	9	7	29

Finished goods at 31 May, 2014 represent ..... days of sales (2013 ..... days)

#### 2. Trade receivables.

At 31 May, 2014 trade receivables can be analysed as follows:

	31 May.2014 R.O' 000	31 May.2013 R.O' 000	Change %
Trade receivables	5,361	5,336	--
Less: Provisions	(938)	(294)	219
	4,423	5,042	(12)

#### 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 May, 2014 are as follows:

Identity of Segments	Fahud	Nimr	Rima	Totals
Segment Revenue	2,457	2,930	357	5,744
Segment Expenses	(1,489)	(1,714)	(287)	(3,490)
Segment Results	968	1,216	70	2,254

Notes.

4. **Bank loans and overdrafts.**

These can be analysed as follows:

	31 May. 2014 R.O' 000	31 May. 2013 R.O' 000	Change %
Bank loans	8,254	10,137	(19)
Overdrafts	--	--	--
	8,254	10,137	(19)
Less: Current maturities of bank loans and Bank overdrafts.	(1,412)	(1,412)	--
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.

	31 May. 2014 R.O' 000	31 May. 2013 R.O' 000	Change %
Due within 1 year	1,412	1,412	--
Due after more than 1 year	6,842	8,725	(22)
	8,254	10,137	(19)

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 May, 2014		31 May, 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:

31 May, 2014		31 May, 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.

### 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 May. 2014 R.O' 000	Market value 31 May. 2013 R.O' 000	Book value 31 May. 2014 R.O' 000	Book value 31 May. 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 31 May, 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:

Realised  
 Unrealised  
 Dividends  
 Interest on Term Deposits and Bonds

	31 May. 2014 R.O' 000	31 May. 2013 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

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 May, 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 31 May, 2014				
MSM Unquoted securities	N/A		N/A	N/A
Foreign unquoted securities *	N/A		N/A	N/A
Totals as of 31 May. 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.

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:

	31 May 2014 R.O' 000	31 May 2013 R.O' 000	Change %
Service Provider – Cost of sales	3,355	3,244	3
Other Services & insurance	592	422	40
Capital Work in Progress – Construction	--	713	(100)
	<b>3,947</b>	<b>4,379</b>	<b>(10)</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:

	31 May 2014 R.O' 000	31 May 2013 R.O' 000	Change %
Cost of Sales –Catering and Supplies Co.LLC & - Marketing and Services Co. LLC.	3,355	3,244	3
Other services – Catering and Supplies Co.LLC, Risk Management Services. LLC	592	422	40
Capital Work in Progress – Carillion Alawi & Catering and Supplies Co. LLC	--	713	(100)
	<b>3,947</b>	<b>4,379</b>	<b>(10)</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:

	31 May. 2014 R.O' 000	31 May. 2013 R.O' 000	Change %
Cost of utilities – Catering and Supplies Co.	-	-	-
Catering services – Tarmac Alawi LLC	-	-	-
Provisions	-	-	-
Write-offs	-	-	-
Receivable from related parties	-	-	-

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	623	-	-	623
Provided during the period	315	-	-	315
(Released) during the period	--	-	-	-
(Written off) during the period	--	-	-	-
Provisions Balance as of 31 May, 2014	938	-	-	938

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	5,361	-	-	5,361
Provisions Balance as of 31 May, 2014	(938)	-	-	(938)
Book value of Assets as of 31 May, 2014	4,423	-	-	4,423

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:

	31 May, 2014 (Nos.)	31 May, 2013 (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	596,372	596,372
<b>Preferred Share Holders:</b>	-	-