

**Interim report for 9 months ended 31<sup>st</sup> August, 2008**

INDEX

	Page
Directors' Report	1
Unaudited summary of performance	2
Unaudited consolidated balance sheet	3
Unaudited consolidated profit & loss account	4
Unaudited consolidated statement of cash	5
Statement of changes in equity	6
Notes to financial statements	7 - 15

**Interim report for 9 months ended 31<sup>st</sup> August, 2008**

***DIRECTORS' REPORT  
FOR THE THIRD QUARTER ENDED ON AUGUST 31, 2008***

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, 2008 along with related reports.

The performance of the current year has been the best of the Company since its inception and continues to improve on all key financial parameters during this period of 2008. Comparison with the same period of last year shows an increase in gross revenue of 17% at RO 3,787,237 as against RO 3,238,092 in the same period of last year. The net profit for the same period rose by 17% to RO 948,659 as against RO 809,950 in the corresponding period of last year.

The above stated result is attributable mainly to higher level of capacity utilization in both accommodations at Fahud and Nimr. It is also pertinent to note that additional accommodation facilities, construction of 240 additional rooms, swimming pools, squash courts as well as extension of other support facilities have been operational since February 2008. This has ensured continued performance resulting in improving the shareholder's value.

As reported earlier, we had participated in one of the major tender project with PDO recently but were not successful on this occasion. However we look forward to having other business opportunities to improve company's growth further in the years to come.

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, 2008**

UNAUDITED SUMMARY OF PERFORMANCE.

	<b>31 August 2008</b>	<b>31 August 2007</b>	<b>Change</b>
	<b>R.O' 000</b>	<b>R.O' 000</b>	<b>%</b>
<b>Total assets @</b>	14,946	10,993	36
<b>Total liabilities @</b>	6,051	2,699	124
<b>Net assets @</b>	8,895	8,294	7
* <b>Net assets per share</b>	1.521	1.422	7
** <b>Current ratio @</b>	0.772	1.418	(46)

	<b>9 months ended</b>	<b>9 months ended</b>	<b>Change</b>
	<b>31 Aug., 2008</b>	<b>31 Aug., 2007</b>	<b>%</b>
	<b>R.O' 000</b>	<b>R.O 000</b>	
<b>Gross Profit</b>	1,705	1,435	19
*** <b>Gross Profit margin @</b>	45%	44%	2
<b>Net Profit</b>	949	810	17
*** <b>Earnings per share</b>	0.163	0.139	17

\* 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 2008.

\*\*\* 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.2008 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 9 months ended 31<sup>st</sup> August, 2008**

**Unaudited consolidated balance sheet**  
 at 31 Aug., 2008.

	Notes	31 Aug. 2008 R.O' 000	31 Aug.2007 R.O' 000	Change %
<b>Fixed assets *</b>		12,939	8,667	49
		<b>12,939</b>	<b>8,667</b>	<b>49</b>
<b>Current assets</b>				
Inventories	1	7	3	133
Trade receivables	2&9	1,703	2,092	(19)
Receivable from related parties	8&9	-	-	-
Investments **	5,6,7&9	-	-	-
Bank and cash		297	231	29
Other assets		-	-	-
		2,007	2,326	(14)
<b>Total assets</b>		<b>14,946</b>	<b>10,993</b>	<b>36</b>
<b>Current liabilities</b>				
Trade and other creditors		135	207	(35)
Payable to related parties	8	1,484	561	165
Bank loans and overdrafts	4	862	765	13
Tax liability		118	107	10
		<b>2,599</b>	<b>1,640</b>	<b>58</b>
<b>Long term liabilities</b>				
Bank loans and overdrafts	4	3,362	979	243
Deferred Tax liability		90	80	13
Others		-	-	-
		3,452	1,059	226
<b>Total liabilities</b>		<b>6,051</b>	<b>2,699</b>	<b>124</b>
<b>Net Assets</b>		<b>8,895</b>	<b>8,294</b>	<b>7</b>
<b>Shareholders' funds</b>				
Share capital		5,833	5,833	-
Legal reserve		563	445	27
Retained earnings / (loss)		1,645	1,287	28
Profit and loss account		854	729	17
<b>Total shareholders' equity</b>		<b>8,895</b>	<b>8,294</b>	<b>7</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, 2008**

**Unaudited consolidated profit and loss account**

For the 9 months ended 31 Aug., 2008.

	Notes	9 months ended 31 Aug 2008 R.O.'000	9 months ended 31 Aug 2007 R.O. '000	Change %
<b>Turnover/Revenue</b>	3	<b>3,787</b>	<b>3,238</b>	<b>17</b>
<b>Gross Profit</b>	3	<b>1,705</b>	<b>1,435</b>	<b>19</b>
Depreciation		(372)	(333)	12
Administration & general expenses		(161)	(139)	16
<b>Operating profit</b>		<b>1,172</b>	<b>963</b>	<b>22</b>
Finance charges	4	(97)	(47)	106
Investment income	6	-	-	-
<b>Profit before taxation and minority Interests</b>		<b>1,075</b>	<b>916</b>	<b>17</b>
<b>Taxation</b>		<b>(126)</b>	<b>(106)</b>	<b>19</b>
<b>Net profit attributable to ordinary Shareholders</b>		<b>949</b>	<b>810</b>	<b>17</b>
<b>Dividend per share</b>		-	-	-
<b>* Net profit margin @</b>		<b>25%</b>	<b>25%</b>	<b>-</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, 2008**

**Uuaudited consolidated statement of cash**  
 For the 9 months ended 31 Aug., 2008.

	<b>9 months ended 31 Aug 2008 R.O'. 000</b>	<b>9 months ended 31 Aug 2007 R.O'. 000</b>	<b>Change %</b>
<b>Cash from operations</b>	2,195	795	176
Tax paid	(137)	(127)	8
Interest paid	(97)	(47)	106
Net cash from operating activities	1,961	621	216
Net cash used in investing activities	(3,622)	(757)	378
Net cash used in financing activities	1,709	(177)	(1,066)
Net increase (decrease) in cash and cash equivalents	48	(313)	(115)
Cash and cash equivalents brought forward	249	544	(54)
<b>Cash and cash equivalents carried forward</b>	<b>297</b>	<b>231</b>	<b>29</b>

**Interim report for 9 months ended 31<sup>st</sup> August, 2008**

**Statement of changes in equity**

for the 9 months ended 31 August 2008.

	<b>Share Capital RO. '000</b>	<b>Legal Reserve RO. '000</b>	<b>Retained Earnings RO. '000</b>	<b>Total RO. '000</b>
<b>As on 30 November 2006</b>	<b>5,833</b>	<b>364</b>	<b>1,812</b>	<b>8,009</b>
Dividend paid	-	-	(525)	(525)
Profit for the year	-	-	1,045	1,045
Transfer to legal reserve	-	104	(104)	-
<b>As on 30 November , 2007</b>	<b>5,833</b>	<b>468</b>	<b>2,228</b>	<b>8,529</b>
Dividend paid	-	-	(583)	(583)
Profit for current year (9 months)	-	-	949	949
Transfer to legal reserve	-	95	(95)	-
<b>As on 31 August, 2008</b>	<b>5,833</b>	<b>563</b>	<b>2,499</b>	<b>8,895</b>

## Interim report for 9 months ended 31<sup>st</sup> August, 2008

### Notes.

#### 1. Inventories.

Inventories can be analysed as follows:

	31 Aug 2008 R.O' 000	31 Aug 2007 R.O' 000	Change %
Raw materials	-	-	-
Work in progress	-	-	-
Finished goods	7	3	133
Spares and consumables	-	-	-
Less: Provisions	-	-	-
	7	3	133

Finished goods at 31 Aug., 2008 represent ..... days of sales (2007 .... days)

#### 2 Trade receivables.

At 31 Aug., 2008 trade receivables can be analysed as follows:

	31 Aug 2008 R.O' 000	31 Aug 2007 R.O' 000	Change %
Trade receivables	1,721	2,110	(18)
Less: Provisions	(18)	(18)	-
	1,703	2,092	(19)

#### 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., 2008 are as follows:

Identity of Segments	Fahud	Nimr	Totals
Segment Revenue	2,415	1,372	3,787
Segment Expenses	(1,384)	(698)	(2082)
Segment Results	1,031	674	1,705

**Interim report for 9 months ended 31<sup>st</sup> August, 2008**

Notes.

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

	<b>31 Aug 2008</b> <b>R.O' 000</b>	<b>31 Aug 2007</b> <b>R.O' 000</b>	<b>Change</b> <b>%</b>
Bank loans	4,224	1,744	142
Overdrafts	-	-	-
	4,224	1,744	142
Less: Current maturities of bank loans and Bank overdrafts.	(862)	(765)	13
Long term element and bank loans	3,362	979	243

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 . and Nil

The Bank loans bear interest at rate ranging between 4.45% and 10% per annum.

The Bank overdraft facilities bear interest at 6% per annum and are renewable on 29<sup>th</sup> May 2009

The bank loans are repayable within 8 years from 1<sup>st</sup> April, 2001. and 10 years from 1<sup>st</sup> June 2008

The maturity of the bank loans.

	<b>31 Aug 2008</b> <b>R.O' 000</b>	<b>31 Aug 2007</b> <b>R.O' 000</b>	<b>Change</b> <b>%</b>
Due within 1 year	862	765	13
Due after more than 1 year	3,362	979	243
	4,224	1,744	142

## Interim report for 9 months ended 31<sup>st</sup> August, 2008

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., 2008		31 Aug., 2007	
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., 2008		31 Aug., 2007	
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 9 months ended 31<sup>st</sup> August, 2008**

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 2008 R.O'. 000	Market value 31 Aug 2007 R.O'. 000	Book value 31 Aug 2008 R.O' 000	Book value 31 Aug 2007 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 31 Aug., 2008

**Interim report for 9 months ended 31<sup>st</sup> August, 2008**

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 2008 R.O' 000	31 Aug 2007 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

**Interim report for 9 months ended 31<sup>st</sup> August, 2008**

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., 2008.

	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., 2008					
MSM Unquoted securities		N/A		N/A	N/A
Foreign unquoted securities *		N/A		N/A	N/A
Totals as of 31 Aug. 2008		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 9 months ended 31<sup>st</sup> August, 2008

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 Aug 2008 R.O' 000	31 Aug 2007 R.O' 000	Change %
Cost of sales – Catering	1,959	1,701	15
Other Services, insurance	159	749	(79)
Construction – PAC Extension	4,111	-	100
	6,229	2,450	154

### 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 Aug 2008 R.O' 000	31 Aug 2007 R.O' 000	Change %
Cost of Sales – Catering and Supplies Co. LLC.	1,959	1,701	15
Marketing and Services Co. LLC			
Other services –			
Catering and Supplies Co. LLC.	159	749	(79)
Risk Management Services LLC			
Carillion Alawi LLC			
Construction - Carillion Alawi LLC	4,111	-	100
	6,229	2,450	154

### 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 Aug 2008 R.O' 000	31 Aug 2007 R.O' 000	Change %
Cost of utilities - Catering and Supplies Co. LLC.	-	-	
Provisions	-	-	
Write-offs	-	-	
Receivable from related parties	-	-	

**Interim report for 9 months ended 31<sup>st</sup> August, 2008**

**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	12	-	-	12
Provided during the period	6	-	-	6
(Released) during the period	-	-	-	-
(Written off) during the period	-	-	-	-
Provisions Balance as of 31 Aug., 2008	18	-	-	18

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	1,685	-	-	1,685
Provisions Balance as of 31 Aug., 2008	18	-	-	18
Book value of Assets as of 31 Aug., 2008	1,703	-	-	1,703

**Interim report for 9 months ended 31<sup>st</sup> August, 2008**

**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., 2008 (Nos.)</b>	<b>31 Aug., 2007 (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	719,466	719,466
<b>Preferred Share Holders:</b>	-	-