

Interim report for 9 months ended 31st August, 2009

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***DIRECTORS' REPORT
FOR THE THIRD QUARTER ENDED ON AUGUST 31, 2009***

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, 2009 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 2009. Comparison with the same period of last year shows an increase in gross revenue of 27.7% at RO 4,838,746 as against RO 3,787,237 in the same period of last year. The net profit after tax for the same period rose by 18.7% to RO 1,126,931 as against RO 948,659 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 and other support facilities have been operational since last year. This has ensured continued performance resulting in improving the share holder's value.

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 share holders, 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

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UNAUDITED SUMMARY OF PERFORMANCE

	31 August 2009 R.O' 000	31 August 2008 R.O' 000	Change %
Total assets @	15,841	14,946	6
Total liabilities @	6,157	6,051	2
Net assets @	9,684	8,895	9
* Net assets per share	1.660	1.521	9
** Current ratio @	1.541	0.772	100

	9 months ended 31 Aug., 2009 R.O' 000	9 months ended 31 Aug., 2008 R.O 000	Change %
Gross Profit	2,144	1,680	28
*** Gross Profit margin @	44%	44%	-
Net Profit	1,127	949	19
*** Earnings per share	0.193	0.163	18

* 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 2009.

*** 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.2009 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 balance sheet
at 31 Aug., 2009.

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	Notes	31 Aug. 2009 R.O' 000	31 Aug.2008 R.O' 000	Change %
Fixed assets *		12,613	12,939	(3)
		12,613	12,939	(3)
Current assets				
Inventories	1	19	7	171
Trade receivables	2&9	2,216	1,703	30
Receivable from related parties	8&9	-	-	-
Investments **	5,6,7&9	-	-	-
Bank and cash		993	297	234
Other assets		-	-	-
		3,228	2,007	61
Total assets		15,841	14,946	6
Current liabilities				
Trade and other creditors		168	135	24
Payable to related parties	8	1,228	1,484	(17)
Bank loans and overdrafts	4	560	862	(35)
Tax liability		139	118	18
		2,095	2,599	(19)
Long term liabilities				
Bank loans and overdrafts	4	3,960	3,362	18
Deferred Tax liability		102	90	13
Others		-	-	-
		4,062	3,452	18
Total liabilities		6,157	6,051	2
Net Assets		9,684	8,895	9
Shareholders' funds				
Share capital		5,833	5,833	-
Legal reserve		706	563	25
Retained earnings / (loss)		2,131	1,645	30
Profit and loss account		1,014	854	19
Total shareholders' equity		9,684	8,895	9

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

** Investments include fixed term deposits.

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Unaudited consolidated profit and loss account

For the 9 months ended 31 Aug., 2009.

	Notes	9 months ended 31 Aug 2009 R.O.'000	9 months ended 31 Aug 2008 R.O. '000	Change %
Turnover/Revenue	3	4,839	3,787	28
Gross Profit	3	2,144	1,680	28
Depreciation		(440)	(372)	18
Administration & general expenses		(173)	(136)	27
Operating profit		1,531	1,172	31
Finance charges	4	(259)	(97)	167
Investment income	6	-	-	-
Other Income		5	-	100
Profit before taxation and minority Interests		1,277	1,075	19
Taxation		(150)	(126)	19
Net profit attributable to ordinary Shareholders		1,127	949	19
Dividend per share		-	-	-
* Net profit margin @		23%	25%	(8)

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.

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Uuaudited consolidated statement of cash

For the 9 months ended 31 Aug., 2009.

	9 months ended 31 Aug 2009 R.O'. 000	9 months ended 31 Aug 2008 R.O'. 000	Change %
Cash from operations	1,756	2,195	(20)
Tax paid	(146)	(137)	7
Interest paid	(259)	(97)	167
Net cash from operating activities	1,351	1,961	(31)
Net cash used in investing activities	(143)	(3,622)	(96)
Net cash used in financing activities	(657)	1,709	(138)
Net increase (decrease) in cash and cash equivalents	551	48	1048
Cash and cash equivalents brought forward	442	249	78
Cash and cash equivalents carried forward	993	297	234

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Statement of changes in equity

	Share Capital RO. '000	Legal Reserve RO. '000	Retained Earnings RO. '000	Total RO. '000
As on 30 November 2007	5,833	468	2,228	8,529
Dividend paid			(583)	(583)
Profit for the year			1,253	1,253
Transfer to legal reserve		125	(125)	-
As on 30 November , 2008	5,833	593	2773	9,199
Dividend paid			(642)	(642)
Profit for current year (9 months)			1,127	1,127
Transfer to legal reserve		113	(113)	-
As on 31 August, 2009	5,833	706	3,145	9,684

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Notes.

1. Inventories.

Inventories can be analysed as follows:

	31 Aug 2009 R.O' 000	31 Aug 2008 R.O' 000	Change %
Raw materials	-	-	-
Work in progress	-	-	-
Finished goods	19	7	171
Spares and consumables	-	-	-
Less: Provisions	-	-	-
	19	7	171

Finished goods at 31 Aug., 2009 represent days of sales (2008 days)

2 Trade receivables.

At 31 Aug., 2009 trade receivables can be analysed as follows:

	31 Aug 2009 R.O' 000	31 Aug 2008 R.O' 000	Change %
Trade receivables	2,230	1,721	30
Less: Provisions	(14)	(18)	(22)
	2,216	1,703	30

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., 2009 are as follows:

Identity of Segments	Fahud	Nimr	Totals
Segment Revenue	2,819	2,020	4,839
Segment Expenses	(1,623)	(1,072)	(2,695)
Segment Results	1,196	948	2,144

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Notes.

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

	31 Aug 2009 R.O' 000	31 Aug 2008 R.O' 000	Change %
Bank loans	4,520	4,224	7
Overdrafts	-	-	-
	4,520	4,224	7
Less: Current maturities of bank loans and Bank overdrafts.	(560)	(862)	(35)
Long term element and bank loans	3,960	3,362	18

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 5.8% and 7.75% per annum.

The Bank overdraft facilities bear interest at 7.75% per annum and are renewable on 8th October, 2009.

The bank loans are repayable within 10 years from 14th June, 2008.

The maturity of the bank loans.

	31 Aug 2009 R.O' 000	31 Aug 2008 R.O' 000	Change %
Due within 1 year	560	862	(35)
Due after more than 1 year	3,960	3,362	18
	4,520	4,224	7

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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., 2009		31 Aug., 2008	
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., 2009		31 Aug., 2008	
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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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 2009 R.O'. 000	Market value 31 Aug 2008 R.O'. 000	Book value 31 Aug 2009 R.O' 000	Book value 31 Aug 2008 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., 2009

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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 2009 R.O' 000	31 Aug 2008 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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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., 2009.

	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., 2009					
MSM Unquoted securities		N/A		N/A	N/A
Foreign unquoted securities *		N/A		N/A	N/A
Totals as of 31 Aug. 2009		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:

	31 Aug 2009 R.O' 000	31 Aug 2008 R.O' 000	Change %
Cost of sales – Catering	2,560	1,959	31
Other Services, insurance	186	159	17
Construction – PAC Extension	-	4,111	(100)
	2,746	6,229	(56)

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 2009 R.O' 000	31 Aug 2008 R.O' 000	Change %
Cost of Sales – Catering and Supplies Co. LLC.	2,560	1,959	31
Marketing and Services Co. LLC			
Other services –			
Catering and Supplies Co. LLC.	186	159	17
Risk Management Services LLC			
Carillion Alawi LLC			
Construction - Carillion Alawi LLC	-	4,111	(100)
	2,746	6,229	(56)

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 2009 R.O' 000	31 Aug 2008 R.O' 000	Change %
Cost of utilities - Catering and Supplies Co. LLC.	-	-	
Provisions	-	-	
Write-offs	-	-	
Receivable from related parties	-	-	

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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	8	-	-	8
Provided during the period	6	-	-	6
(Released) during the period	-	-	-	-
(Written off) during the period	-	-	-	-
Provisions Balance as of 31 Aug., 2009	14	-	-	14

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	2,230	-	-	2,230
Provisions Balance as of 31 Aug., 2009	(14)	-	-	(14)
Book value of Assets as of 31 Aug., 2009	2,216	-	-	2,216

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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:

	31 Aug., 2009 (Nos.)	31 Aug., 2008 (Nos.)
Common Share Holders		
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
Preferred Share Holders:	-	-