

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

***Interim report for 3 months ending 29<sup>th</sup> February, 2004***

## INDEX

	<u>Page</u>
Directors' Report	2
Unaudited summary of performance	3
Unaudited consolidated balance sheet	4
Unaudited consolidated profit & loss account	5
Unaudited consolidated statement of cash	6
Notes to financial statements	7-15

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

## **DIRECTOR'S REPORT FOR THE 1<sup>st</sup> QUARTER ENDING 29<sup>th</sup> FEBRUARY 2004.**

On behalf of Board of Directors I am pleased to submit the unaudited financial statements for the first quarter ending 29<sup>th</sup> February 2004 and report on various events those come to known since our financial year ended on 30<sup>th</sup> November 2003.

On reviewing income statements, it has been noticed improvements in the net results in comparison to those of last year. The net profit before tax for the first quarter ending February 2004 was OMR 188,040, an increase of nearly 2% over the same period of previous year, which is largely the result of an increase in other income and decrease in finance charges.

Our turnover for the period was OMR 754355 as against OMR 796,218 in the same period of last year. The occupancy level at PAC Fahud was not as anticipated causing slight deduction in the sales but we are hopeful that the situation would change in the near future when contractors move out from their present camps to PACs.

We are also pleased to inform you that bank interest was negotiated down with effect from 1<sup>st</sup> December 2003 and its full benefit has already been reflected in the financial results of the attached first quarter.

As opined by our shareholders in the AGM held on 16<sup>th</sup> March 2004 and discussed in the latest board meeting of the company, management is currently looking various ways to expand business opportunities to the fullest extend by leveraging the core strength in the disciplines of hospitality servicing or/and diversifying the activities similar to the present operation.

Finally, on behalf of the Board of directors, I would like to 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 my thanks to the Muscat Security Market, Capital Market Authority, Petroleum Development Oman and other government organization involved in private sector business developments.

I conclude this report by expressing our gratitude to the shareholders and clients for their valued support and cooperation.

For and on behalf of Board of Directors,

TALAL BIN QAIS AL ZAWAWI  
CHAIRAMAN

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

*Interim report for 3 months ending 29<sup>th</sup> February, 2004*

## *Unaudited Summary of Performance.*

	29 Feb. 2004 R.O' 000	28 Feb. 2003 R.O' 000	Change %
<b>Total assets @</b>	10,870	11,205	(3)
<b>Total liabilities @</b>	3,922	4,681	(16)
<b>Net assets @</b>	6,948	6,524	6
* <b>Net assets per share</b>	1.191	1.118	6
** <b>Current ratio @</b>	1.068	0.895	19

	3 months ended 29 Feb., 2004 R.O' 000	3 months ended 29 Feb., 2004 R.O 000	Change %
<b>Gross Profit</b>	366	385	(5)
*** <b>Gross Profit margin @</b>	49%	48%	2
<b>Net Profit</b>	169	167	1
**** <b>Earnings per share</b>	0.029	0.029	-

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

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

\*\*\* 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 Feb. 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.

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

## Interim report for 3 months ending 29<sup>th</sup> February, 2004

Unaudited consolidated balance sheet  
at 29 Feb., 2004.

	Notes	29 Feb. 2004 R.O' 000	28 Feb. 2003 R.O' 000	Change %
<b>Fixed assets *</b>		9,418	9,858	(4)
		9,418	9,858	(4)
<b>Current assets</b>				
Inventories	1	5	7	(29)
Trade receivables	2&9	1,319	1,283	3
Receivable from related parties	8&9		53	(100)
Investments **	5,6,7&9		-	-
Bank and cash		128	4	3100
Other assets			-	
		1,452	1,347	8
<b>Total assets</b>		10,870	11,205	(3)
<b>Current liabilities</b>				
Trade and other creditors		32	172	(81)
Payable to related parties	8	684	592	16
Bank loans and overdrafts	4	625	729	(14)
Tax liability		18	13	38
		1,359	1,506	(10)
<b>Long term liabilities</b>				
Bank loans and overdrafts	4	2,489	3,114	(20)
Deferred Tax liability		74	61	21
Others		-	-	
		2,563	3,175	(19)
<b>Total liabilities</b>		3,922	4,681	(16)
<b>Net Assets</b>		6,948	6,524	6
<b>Shareholders' funds</b>				
Share capital		5,833	5,833	
Legal reserve		149	75	99
Retained earnings / (loss)		464	174	167
Proposed dividend for 2003		350	292	20
Profit and loss account		152	150	1
<b>Total shareholders' equity</b>		6,948	6,524	6

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

\*\* Investments include fixed term deposits.

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

## Interim report for 3 months ending 29<sup>th</sup> February, 2004

Unaudited consolidated profit and loss account  
For the 3 months ended 29 Feb., 2004.

	Notes	3 months ended 29 Feb., 2004 R.O.' 000	3 months ended 28 Feb., 2003 R.O. '000	Change %
<b>Turnover/Revenue</b>	3	754	796	(5)
<b>Gross Profit</b>	3	366	385	(5)
Depreciation		(110)	(110)	
Administration & general expenses		(21)	(19)	11
<b>Operating profit</b>		235	256	(8)
Finance charges	4	(47)	(70)	(33)
Investment income	6	-	-	-
<b>Profit before taxation and minority Interests</b>		<b>188</b>	<b>186</b>	1
<b>Taxation</b>		(19)	(19)	-
<b>Net profit attributable to ordinary Shareholders</b>		<b>169</b>	<b>167</b>	1
<b>Dividend per share</b>		-	-	-
<b>* Net profit margin @</b>		22%	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.

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

## *Interim report for 3 months ending 29<sup>th</sup> February, 2004*

*Unaudited consolidated statement of cash  
For the 3 months ended 29 Feb., 2004.*

	3 months ended 29 Feb., 2004 R.O'. 000	3 months ended 28 Feb., 2003 R.O'. 000	Change %
<b>Cash from operations</b>	363	98	270
Tax paid	(78)	(12)	550
Interest paid	(47)	(70)	(33)
Net cash from operating activities	238	16	1388
Net cash used in investing activities	-	-	-
Net cash used in financing activities	(156)	(156)	-
Net increase (decrease) in cash and cash equivalents	82	(140)	(159)
Cash and cash equivalents brought forward	46	40	15
<b>Cash and cash equivalents carried forward</b>	128	(100)	(228)

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

*Interim report for 3 months ending 29<sup>th</sup> February, 2004*

## Statement of changes in equity

	Share Capital RO. '000	Legal Reserve RO. '000	Proposed Dividend RO. '000	Accumulated Profits RO. '000	Total RO. '000
<b>As on 30 November, 2002</b>	<b>5,833</b>	<b>59</b>	<b>291</b>	<b>174</b>	<b>6,357</b>
Profit for the year				733	733
Transfer		73	350	(423)	-
Dividend paid			(291)		(291)
Directors' remuneration				(20)	(20)
<b>As on 30 November , 2003</b>	<b>5,833</b>	<b>132</b>	<b>350</b>	<b>464</b>	<b>6,779</b>
Profit for 1 <sup>st</sup> quarter				169	169
Transfer		17		(17)	-
<b>As on 29 February, 2004</b>	<b>5,833</b>	<b>149</b>	<b>350</b>	<b>616</b>	<b>6,948</b>

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

## Interim report for 3 months ending 29<sup>th</sup> February, 2004

Notes.

1. **Inventories.**

Inventories can be analysed as follows:

	29 Feb. 2004 R.O' 000	28 Feb. 2003 R.O' 000	Change %
Raw materials			
Work in progress			
Finished goods	5	7	(29)
Spares and consumables			
Less: Provisions			
	5	7	(29)

Finished goods at 29 Feb., 2004 represent ..... days of sales (2003 .... days)

2. **Trade receivables.**

At 29 Feb., 2004 trade receivables can be analysed as follows:

	29 Feb. 2004 R.O' 000	28 Feb. 2003 R.O' 000	Change %
Trade receivables	1,326	1,283	3
Less: Provisions	(7)	-	100
	1319	1,283	3

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., 2004 are as follows:

Identity of Segments	Fahud	Nimr	Totals
Segment Revenue	386	368	754
Segment Expenses	(202)	(186)	388
Segment Results	184	182	366

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

## Interim report for 3 months ending 29<sup>th</sup> February, 2004

Notes.

4. **Bank loans and overdrafts.**

These can be analysed as follows:

	29 Feb. 2004 R.O' 000	28 Feb. 2003 R.O' 000	Change %
Bank loans	3,114	3,739	(17)
Overdrafts	-	104	(100)
	3,114	3,843	(19)
Less: Current maturities of bank loans and Bank overdrafts.	(625)	(729)	(14)
Long term element and bank loans	2,489	3,114	(20)

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 rates ranging between 5.85% and 10% per annum.

The Bank overdraft facilities bear interest at rates ranging between 5.85% and 5.85% per annum and are renewable on 1<sup>st</sup> Nov. 2004

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

The maturity of the bank loans.

	29 Feb. 2004 R.O' 000	28 Feb. 2003 R.O' 000	Change %
Due within 1 year	625	625	-
Due after more than 1 year	2,489	3,114	(20)
	3,114	3,739	(17)

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

## Interim report for 3 months ending 29<sup>th</sup> February, 2004

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., 2004		28 Feb., 2003	
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 Feb., 2004		28 Feb., 2003	
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.

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

## Interim report for 3 months ending 29<sup>th</sup> February, 2004

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 Feb. 2004 R.O' 000	Market value 28 Feb. 2003 R.O' 000	Book value 29 Feb. 2004 R.O' 000	Book value 28 Feb. 2003 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., 2004

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

## *Interim report for 3 months ending 29<sup>th</sup> February, 2004*

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 Feb. 2004 R.O' 000	28 Feb. 2003 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

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

## Interim report for 3 months ending 29<sup>th</sup> February, 2004

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 Feb., 2004.

	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., 2004					
MSM Unquoted securities		N/A		N/A	N/A
Foreign unquoted securities *		N/A		N/A	N/A
Totals as of 29 Feb. 2004		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.

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

## Interim report for 3 months ending 29<sup>th</sup> February, 2004

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. 2004 R.O' 000	28 Feb. 2003 R.O' 000	Change %
Service Provider – Cost of sales	373	402	(7)
Other Services & insurance	38	67	(43)
	411	469	(12)

### 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. 2004 R.O' 000	28 Feb. 2003 R.O' 000	Change %
Cost of Sales –Catering and Supplies Co.LLC& - Marketing and Services Co. LLC.	373	402	(7)
Other services – Catering and Supplies Co.LLC & Risk Management Services. LLC	38	67	(43)
	411	469	(12)

### 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. 2004 R.O' 000	28 Feb. 2003 R.O' 000	Change %
Cost of utilities – Catering and Supplies Co.	-	37	(100)
Catering services – Tarmac Alawi LLC	-	1	(100)
Provisions	-		
Write-offs	-		
Receivable from related parties	-	38	(100)

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

## *Interim report for 3 months ending 29<sup>th</sup> February, 2004*

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	7	-	-	7
Provided during the period	-	-	-	-
(Released) during the period	-	-	-	-
(Written off) during the period	-	-	-	-
Provisions Balance as of 29 Feb., 2004	7	-	-	7

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	1,326	-	-	1,326
Provisions Balance as of 29 Feb., 2004	(7)	-	-	(7)
Book value of Assets as of 29 Feb., 2004	1,319	-	-	1,319

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

## *Interim report for 3 months ending 29<sup>th</sup> February, 2004*

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 Feb., 2004 (Nos.)	28 Feb., 2003 (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	719,466	719,466
<b>Preferred Share Holders:</b>	-	-