

Interim report for 3 months ended 28 February, 2009

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

Interim report for 3 months ended 28 February, 2009

DIRECTORS' REPORT FOR THE FIRST QUARTER ENDED ON 28th FEBRUARY 2009.

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 28th February 2009 along with its related reports.

SHC has reported good performance in the first quarter of 2009. Revenue was higher by 34.8% at RO 1,475,769 as against RO 1,094,545 in the corresponding period of previous year. Net profit after tax increased from RO 301,162 in first quarter 2008 to RO 336,910 in the same period of 2009, a growth of 11.9%.

Based on the prevailing facts and circumstances, 2009 looks to be a promising year in view of the above and additional revenue expected to be generated due to additional accommodation facilities being established. This is planned to take place shortly in the coming period and may continue for the remaining period of the year. 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, and other government organization for their ongoing support and assistance.

I conclude this report by expressing our gratitude to the share holders, Petroleum Development Oman and clients for their valued support and cooperation.

For and on behalf of Board of Directors,

TALAL BIN QAIS AL ZAWAWI
CHAIRMAN

Interim report for 3 months ended 28 February, 2009

Unaudited Summary of Performance.

	28 Feb 2009 R.O' 000	29 Feb 2008 R.O' 000	Change %
Total assets @	15,820	14,332	10
Total liabilities @	6,284	5,502	14
Net assets @	9,536	8,830	8
* Net assets per share	1.635	1.514	8
** Current ratio @	1.532	0.561	173

	3 months ended 28 Feb., 2009 R.O' 000	3 months ended 29 Feb., 2008 R.O' 000	Change %
Gross Profit	659	487	37
*** Gross Profit margin @	45%	44%	2
Net Profit	337	301	12
**** Earnings per share	0.058	0.052	12

* Net assets (book value) per share is calculated by dividing the net assets (book value) at 28 Feb. by the number of ordinary shares in issue at 28 Feb..

** Current ratio represents the ratio of current assets to current liabilities at 28 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 28 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.

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Unaudited consolidated balance sheet
 at 28 February., 2009.

	Notes	28 Feb. 2009 R.O' 000	29 Feb. 2008 R.O' 000	Change %
Fixed assets *		12,835	12,463	3
		12,835	12,463	3
Current assets				
Inventories	1	15	7	114
Trade receivables	2&9	2,222	1,498	48
Receivable from related parties	8&9	-	-	
Investments **	5,6,7&9	-	-	
Bank and cash		748	364	105
Other assets		-	-	-
		2,985	1,869	60
Total assets		15,820	14,332	10
Current liabilities				
Trade and other creditors		121	161	(25)
Payable to related parties	8	1,229	2,101	(42)
Bank loans and overdrafts	4	560	1,034	(46)
Tax liability		39	36	8
		1,949	3,332	(42)
Long term liabilities				
Bank loans and overdrafts	4	4,240	2,087	103
Deferred Tax liability		95	83	14
Others		-	-	-
		4,335	2,170	100
Total liabilities		6,284	5,502	14
Net Assets		9,536	8,830	8
Shareholders' funds				
Share capital		5,833	5,833	-
Legal reserve		627	498	26
Retained earnings / (loss)		2,773	2,228	24
Profit and loss account		303	271	12
Total shareholders' equity		9,536	8,830	8

* 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 3 months ended 28 February., 2009.

	Notes	3 months ended 28 Feb., 2009 R.O'. 000	3 months ended 29 Feb., 2008 R.O'. 000	Change %
Turnover/Revenue	3	1,476	1,095	35
Gross Profit	3	659	480	37
Depreciation		(145)	(94)	54
Administration & general expenses		(56)	(39)	44
Operating profit		458	347	32
Finance charges	4	(79)	(9)	778
Investment income	6			
Profit before taxation and minority Interests		379	338	12
Taxation		(42)	(37)	14
Net profit attributable to ordinary Shareholders		337	301	12
Dividend per share				
* Net profit margin @		23%	28%	(17)

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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Unaudited consolidated statement of cash
 For the 3 months ended 28 February, 2009.

	3 months ended 28 Feb., 2009 R.O'. 000	3 months ended 29 Feb., 2008 R.O'. 000	Change %
Cash from operations	342	629	(46)
Tax paid	(146)	(137)	7
Interest paid	(79)	(9)	778
Net cash from operating activities	117	483	(76)
Net cash used in investing activities	(76)	(1,558)	(95)
Net cash generated from/(used in) financing activities	265	1,190	(78)
Net increase / (decrease) in cash and cash equivalents	306	115	166
Cash and cash equivalents brought forward	442	249	78
Cash and cash equivalents carried forward	748	364	105

Interim report for 3 months ended 28 February, 2009

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
Profit for current year (3 months)			337	337
Transfer to legal reserve		34	(34)	-
As on 28February, 2009	5,833	627	3,076	9,536

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Notes.

1. Inventories.

Inventories can be analysed as follows:

	28 Feb. 2009 R.O' 000	29 Feb. 2008 R.O' 000	Change %
Raw materials	-	-	-
Work in progress	-	-	-
Finished goods	15	7	114
Spares and consumables	-	-	-
Less: Provisions	-	-	-
	15	7	114

Finished goods at 28 Feb., 2009 represent days of sales (2008 days)

2. Trade receivables.

At 28 Feb., 2009 trade receivables can be analysed as follows:

	28 Feb. 2009 R.O' 000	29 Feb. 2008 R.O' 000	Change %
Trade receivables	2,232	1,512	48
Less: Provisions	(10)	(14)	(29)
	2,222	1,498	48

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., 2009 are as follows:

Identity of Segments	Fahud R.O' 000	Nimr R.O' 000	Totals R.O' 000
Segment Revenue	907	568	1,475
Segment Expenses	(523)	(293)	(816)
Segment Results	384	275	659

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Notes.

4. **Bank loans and overdrafts.**

These can be analysed as follows:

	28 Feb. 2009 R.O' 000	29 Feb. 2008 R.O' 000	Change %
Bank loans	4,800	3,121	54
Overdrafts	-	-	-
	4,800	3,121	54
Less: Current maturities of bank loans and Bank overdrafts.	(560)	(1,034)	(46)
Long term element and bank loans	4,240	2,087	103

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 5.8% and 7.75% per annum.

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

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

The maturity of the bank loans.

	28 Feb. 2009 R.O' 000	29 Feb. 2008 R.O' 000	Change %
Due within 1 year	560	1,034	(46)
Due after more than 1 year	4,240	2,087	103
	4,800	3,121	54

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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:

29 Feb., 2008		28 Feb., 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:

28 Feb., 2009		29 Feb., 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 28 Feb. 2009 R.O'. 000	Market value 29 Feb. 2008 R.O'. 000	Book value 28 Feb. 2009 R.O' 000	Book value 29 Feb. 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 29 Feb., 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:

	28 Feb. 2009 R.O' 000	29 Feb. 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 28 Feb., 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 29 Feb., 2008				
MSM Unquoted securities	N/A		N/A	N/A
Foreign unquoted securities *	N/A		N/A	N/A
Totals as of 29 Feb. 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.

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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:

	28 Feb. 2009 R.O' 000	29 Feb. 2008 R.O' 000	Change %
Service Provider – Cost of sales	775	569	36
Other Services & insurance	64	46	39
Capital work in progress - construction	-	2,286	(100)
	839	2,901	(71)

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. 2009 R.O' 000	29 Feb. 2008 R.O' 000	Change %
Cost of Sales –Catering and Supplies Co.LLC& - Marketing and Services Co. LLC.	786	569	38
Other services – Catering and Supplies Co.LLC & Risk Management Services. LLC	53	46	15
Capital work in progress – Carillion Alawi LLC	-	2,286	(100)
	839	2,901	(71)

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. 2009 R.O' 000	29 Feb. 2008 R.O' 000	Change %
Cost of utilities – Catering and Supplies Co.	-	-	-
Catering services – Carillion Alawi 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	2	-	-	2
(Released) during the period	-	-	-	-
(Written off) during the period	-	-	-	-
Provisions Balance as of 29 Feb., 2008	10	-	-	10

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	2,232	-	-	2,232
Provisions Balance as of 28 Feb., 2009	(10)	-	-	(10)
Book value of Assets as of 28 Feb., 2009	2,222	-	-	2,222

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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:

	28 Feb., 2009 (Nos.)	29 Feb., 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:	-	-