

***Interim report for 3 months ended 28 February, 2011***

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



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

Interim report for 3 months ended 28 February 2011

***DIRECTORS' REPORT  
FOR THE FIRST QUARTER ENDED ON FEBRUARY 28, 2011.***

***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 February 28, 2011 along with its related reports.

SHC has reported good performance in the first quarter of 2011. Revenue was higher by 3.5% at RO 1,728,116 as against RO 1,669,779 in the corresponding period of previous year. Net profit after tax increased from RO 367,239 in first quarter 2010 to RO 397,857 in the same period of 2011, a growth of 8%.

The total shareholders fund increased from RO 10,453,369 at the end of first quarter 2010 to RO 11,415,654 in the same period of 2011. As a result of this growth, the net assets per share increased from RO1.792 to RO 1.957.

As reported earlier, PAC Fahud construction of additional facilities are now completed on time whereas PAC Nimr first phase is targeted during April 2011. Occupancy build-up is expected to be completed in the third quarter of the year. At that point, these will start to make additional contribution to earnings and share holders' fund.

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. Also I would extend our gratitude to the Muscat Securities Market, Capital Market Authority and other government organizations involved in private sector business development.

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 3 months ended 28 February 2011

## Unaudited Summary of Performance.

	28 Feb. 2011 R.O' 000	28 Feb 2010 R.O' 000	Change %
<b>Total assets @</b>	20,013	15,900	26
<b>Total liabilities @</b>	8,598	5,447	58
<b>Net assets @</b>	11,415	10,453	9
* <b>Net assets per share</b>	1.957	1.792	9
** <b>Current ratio @</b>	1.039	2.002	(48)

  

	3 months ended 28 Feb., 2011 R.O' 000	3 months ended 28 Feb., 2010 R.O' 000	Change %
<b>Gross Profit</b>	776	722	7
*** <b>Gross Profit margin @</b>	45%	43%	5
<b>Net Profit</b>	398	367	8
**** <b>Earnings per share</b>	0.068	0.063	8

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

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

\*\*\* 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 February. 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 3 months ended 28 February 2011

## Unaudited consolidated Statement of Financial Position at 28 February 2011.

	Notes	28 February. 2011 R.O' 000	28 Feb. 2010 R.O' 000	Change %
<b>Fixed assets *</b>		16,827	12,583	34
		16,827	12,583	34
<b>Current assets</b>				
Inventories	1	14	15	(7)
Trade receivables	2&9	2,084	2,129	(2)
Receivable from related parties	8&9	--	--	--
Investments **	5,6,7&9	--	--	--
Bank and cash		1,088	1,173	(7)
Other assets		--	--	--
		3,186	3,317	(4)
<b>Total assets</b>		20,013	15,900	26
<b>Current liabilities</b>				
Trade and other creditors		179	165	8
Payable to related parties	8	2,073	889	133
Bank loans and overdrafts	4	766	560	37
Tax liability		47	43	9
		3,065	1,657	85
<b>Long term liabilities</b>				
Bank loans and overdrafts	4	5,414	3,680	47
Deferred Tax liability		119	110	8
Others		--	--	--
		5,533	3,790	46
<b>Total liabilities</b>		8,598	5,447	58
<b>Net Assets</b>		11,415	10,453	9
<b>Shareholders' funds</b>				
Share capital		5,833	5,833	--
Legal reserve		955	783	22
Retained earnings / (loss)		4,269	3,507	22
Profit and loss account		358	330	8
<b>Total shareholders' equity</b>		11,415	10,453	9

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

\*\* Investments include fixed term deposits.

Interim report for 3 months ended 28 February 2011

## Unaudited consolidated Statement of Comprehensive Income

For the 3 months ended 28 February 2011.

	Notes	3 months ended 28 Feb. 2011 R.O'. 000	3 months ended 28 Feb., 2010 R.O'. 000	Change %
<b>Turnover/Revenue</b>	3	1,728	1,670	3
<b>Gross Profit</b>	3	776	722	7
Depreciation		(165)	(155)	6
Administration & general expenses		(83)	(73)	14
<b>Operating profit</b>		528	494	7
Finance charges	4	(80)	(80)	--
Investment income	6	--	--	--
<b>Profit before taxation and minority Interests</b>		448	414	8
<b>Taxation</b>		(50)	(47)	6
<b>Net profit attributable to ordinary Shareholders</b>		398	367	8
<b>Dividend per share</b>		--	--	--
<b>* Net profit margin @</b>		23%	22%	5

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.

Interim report for 3 months ended 28 February 2011

## Unaudited consolidated Statement of Cash Flows

For the 3 months ended 28 February, 2011.

	3 months ended 28 Feb. 2011 R.O'. 000	3 months ended 28 Feb., 2010 R.O'. 000	Change %
<b>Cash from operations</b>	1,370	491	179
Tax paid	(217)	(190)	14
Interest paid	(80)	(79)	1
Net cash from operating activities	1,073	222	383
Net cash used in investing activities	(1,720)	(164)	949
Net cash generated from/( used in) financing activities	260	(140)	(286)
Net increase / (decrease) in cash and cash equivalents	(387)	(82)	372
Cash and cash equivalents brought forward	1,475	1,255	18
<b>Cash and cash equivalents carried forward</b>	<b>1,088</b>	<b>1,173</b>	<b>(7)</b>

Interim report for 3 months ended 28 February 2011

## 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 2009</b>	<b>5,833</b>	<b>746</b>	<b>3,507</b>	<b>10,086</b>
Dividend paid	--	--	(758)	(758)
Profit for the year	--	--	1,690	1,690
Transfer to legal reserve	--	169	(169)	--
<b>As on 30 November , 2010</b>	<b>5,833</b>	<b>915</b>	<b>4,270</b>	<b>11,018</b>
<b>As on 30 November , 2010</b>	<b>5,833</b>	<b>915</b>	<b>4,270</b>	<b>11,018</b>
Dividend paid	--	--	--	--
Profit for current year (3 months)	--	--	397	397
Transfer to legal reserve	--	40	(40)	--
<b>As on 28February, 2011</b>	<b>5,833</b>	<b>955</b>	<b>4,627</b>	<b>11,415</b>

## Interim report for 3 months ended 28 February 2011

### Notes.

#### 1. Inventories.

Inventories can be analysed as follows:

	28 February. 2011 R.O' 000	28 Feb. 2010 R.O' 000	Change %
Raw materials	-	-	-
Work in progress	-	-	-
Finished goods	14	15	(7)
Spares and consumables	-	-	-
Less: Provisions	-	-	-
	14	15	(7)

Finished goods at 28 February., 2011 represent ..... days of sales (2010 .... days)

#### 2 Trade receivables.

At 28 February., 2011 trade receivables can be analysed as follows:

	28 Feb. 2011 R.O' 000	28 Feb. 2010 R.O' 000	Change %
Trade receivables	2,102	2,140	(2)
Less: Provisions	(18)	(11)	64
	2,084	2,129	(2)

#### 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 28 Feb., 2011 are as follows:

Identity of Segments	Fahud R.O' 000	Nimr R.O' 000	Totals R.O' 000
Segment Revenue	922	806	1,728
Segment Expenses	(518)	(434)	(952)
Segment Results	404	372	776

## Interim report for 3 months ended 28 February 2011

Notes.

4. **Bank loans and overdrafts.**

These can be analysed as follows:

	28 Feb. 2011 R.O' 000	28 Feb. 2010 R.O' 000	Change %
Bank loans	6,180	4,240	46
Overdrafts	--	--	--
	6,180	4,240	46
Less: Current maturities of bank loans and Bank overdrafts.	(766)	(560)	37
Long term element and bank loans	5,414	3,680	47

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 5.8% and 7.75% per annum.

The Bank overdraft facilities bear interest at 7.25% per annum and are renewable on 13, June 2011.

The bank loan-1 is repayable within 10 years from 14th Jun, 2008

The bank loan -2 is repayable within 7 years from 1<sup>st</sup> Sep, 2011

The maturity of the bank loans.

	28 Feb. 2011 R.O' 000	28 Feb. 2010 R.O' 000	Change %
Due within 1 year	766	560	37
Due after more than 1 year	5,414	3,680	47
	6,180	4,240	46

## Interim report for 3 months ended 28 February 2011

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:

28 Feb.,2011		28 Feb. 2010	
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 February., 2011		28 Feb., 2010	
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 3 months ended 28 February 2011

### 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 28 February. 2011 R.O' 000	Market value 28 Feb. 2010 R.O' 000	Book value 28 February. 2011 R.O' 000	Book value 28 Feb. 2010 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 28 Feb., 2011

Interim report for 3 months ended 28 February 2011

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 February. 2011 R.O' 000	28 Feb. 2010 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 3 months ended 28 February 2011

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 28 February., 2011.

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 28 Feb., 2010				
MSM Unquoted securities	N/A		N/A	N/A
Foreign unquoted securities *	N/A		N/A	N/A
Totals as of 28 Feb. 2010	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 3 months ended 28 February 2011

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. 2011 R.O' 000	28 Feb. 2010 R.O' 000	Change %
Service Provider – Cost of sales	899	894	1
Other Services & insurance	82	88	(7)
Capital work in progress - construction	1,385	112	1,137
	<b>2,366</b>	<b>1,094</b>	<b>116</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:

	28 Feb. 2011 R.O' 000	28 Feb. 2010 R.O' 000	Change %
Cost of Sales:–			
Catering and Supplies Co.LLC & Marketing and Services Co. LLC.	899	894	1
Other services & Insurance: Catering and Supplies Co.LLC & Risk Management Services. LLC	82	88	(7)
Capital work in progress :			
Carillion Alawi LLC & Catering and Supplies Co. LLC	1,385	112	1,137
	<b>2,366</b>	<b>1,094</b>	<b>116</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:

	28 Feb. 2011 R.O' 000	28 Feb. 2010 R.O' 000	Change %
Cost of utilities – Catering and Supplies Co.	-	-	-
Catering services – Carillion Alawi LLC	-	-	-
Provisions	-	-	-
Write-offs	-	-	-
Receivable from related parties	-	-	-

## Interim report for 3 months ended 28 February 2011

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	16	-	-	16
Provided during the period	2	-	-	2
(Released) during the period		-	-	--
(Written off) during the period		-	-	--
Provisions Balance as of 28 Feb., 2011	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	2,102	-	-	2,102
Provisions Balance as of 28 February., 2011	(18)	-	-	(18)
Book value of Assets as of 28 February., 2011	2,084	-	-	2,084

## Interim report for 3 months ended 28 February 2011

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 February., 2011 (Nos.)	28 Feb., 2010 (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>	-	-