

DIRECTORS' REPORT

On behalf of the Board of Directors, I have pleasure in presenting Annual Report on the business and operations of Sahara Hospitality Company (S.A.O.G) (hereafter referred to as "SHC") for the year ended 30 November 2006.

Financial Results

We are pleased to append below the financial results for the year ended on 30 November 2006 in comparison to previous year. It is pleasing to report that your company recorded attractive growth in performance during the year under review.

Key Financial Indicators	Year ended 30 th Nov. 2006		Year ended 30 th Nov. 2005	
	R.O. 000s	Growth 2005 to 2006	R.O. 000s	Growth 2004 to 2005
Turnover	3,878	33%	2,917	0%
Net profit after Tax	987	49%	664	6%
Basic earning per share in R.O.	0.169	48%	0.114	5%

The company's performance for the financial year 2006 which resulted in a net profit after tax of RO 986,678 is the highest net profit ever recorded by the company since its inception. This represents 49% growth when compared to last year's net profit of RO 664,382. The company's financial performance largely depends on PDO's activities at the sites as well as presence of employees of their contractors. The occupancy levels at Fahud and Nimr PAC facilities were excellent in 2006 achieving 98.58% and 98.26% against 81.47% and 81.57% in the same period of last year, respectively.

The return on equity improved from 9% in 2005 to 12.3% in 2006. The basic earnings per share increased from RO 0.114 in 2005 to 0.169 in 2006.

Shares of the company

The Company's authorised share capital remains unchanged at RO 10,000,000, each share having a nominal value of Rial Omani one. At 30th November 2006, the issued and paid-up share capital consisted of 5,833,333 shares of RO 1 each.

Dividend

The Board of Directors is pleased to recommend a dividend of 9% (RO 0.090 per equity share) for the financial year 2006, subject to approval of shareholders. This is consistent with company's policy of rewarding shareholders by distributing a reasonable amount of profits earned during the year.

The dividend, if approved, will be paid to those members whose names appear in the Register of Members as on the date of the ensuing Annual General Meeting.

Operations

The company is consciously following a well thought-out strategy whereby the focus is to strengthen the core business that has continued to improve both in terms of volume and quality. Currently there is a high demand for additional rooms and both PACs are being operated in its full capacity. Considering such requirements, PDO has accepted our plan to extend present PAC facilities by constructing additional accommodation blocks at Fahud and Nimr. The matter is being finalised by the Board of Directors and the

construction is planned to start shortly and all works are expected to be completed before end of ensuing financial year. This will strengthen the revenue and profits thereby further enhancing shareholders' value.

Internal Control system

The Company has continued proper implementation and upgradation of appropriate systems and procedures with adequate controls. An audit committee comprised of the Company's Directors oversees the internal control systems. These systems and procedures are reviewed at regular intervals by the audit committee meetings. The Board of Directors reviewed the company's system of internal controls and opined that they operated satisfactorily during the year.

Secured Loans

As you are aware, the company had availed a long-term loan of RO 5 Million from a local commercial bank, repayable in 32 equal quarterly installments commencing 1 April 2001. We are pleased to report that the installments are being paid as planned and after such repayments, the liability at end of the financial year under review stands at RO 1,395,474. The loan being denominated in Omani Rial, does not carry an exchange risk.

Directors' Responsibility Statement

The Board of Directors of the company hereby confirms that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- The Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the financial year.

Going concern

The Board believes that the Company's financial position and expected future performance will enable it to continue in operational existence.

Insurance

The properties of the company are adequately insured in line with business requirements. Our core business being hospitality services, which by its nature attracts high risks of Hygiene and HSE, are being provided by service provider as per terms of an agreement dated 24th July, 1999 who have a substantial insurance policy in force covering the risk for public liability including product liability. The Company also insured for Directors/officers and public/product liability insurance providing coverage for any incidents or contingencies.

Corporate Governance

Your Company has been adhering to the principles of good Corporate Governance over the years. The Board of Directors supports the broad principles of Corporate Governance, as issued by CMA. In addition to the basic governance issues, the Board lays great emphasis on transparency, accountability and integrity. A report on Code of Corporate Governance including the relevant auditor's certificate regarding compliance with conditions of Corporate Governance as stipulated by CMA is provided in **Annexure I**

Management Discussion and Analysis (MD&A)

The requirement shall continue to be an important function of the Board of Directors, who has carried out this exercise in detail in relation to this financial year.

The Management Discussion and Analysis Report as mandated under the code of Corporate Governance, is attached to the Directors' Report as **Annexure II**.

Auditors' Report

There are no qualifications contained in the Auditors' Report, and therefore, no further explanations are to be provided by the Directors.

Auditors

The company's auditors, M/s. Moore Stephens, Chartered Accountants, Muscat branch, retire at the ensuing Annual General Meeting and offer themselves for re-appointment.

Members are requested to consider the appointment of M/s. Moore Stephens for the ensuing financial year, on a remuneration to be decided by the Board of Directors.

Commitment

Once again, the Board of Directors and Management Team would reaffirm their commitment and enthusiasm with proper planning in carrying out the business with an objective to yield attractive returns to the shareholders.

Felicitations

On behalf of the Shareholders and Board of Directors, it gives me great sense of honour to express our sincere gratitude to His Majesty Sultan Qaboos Bin Said for His continued support to the private sector and I pray to the Almighty Allah to shower His everlasting blessings on His Majesty. 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 would like to conclude the report by thanking the Management of your company, my fellow Directors, the service provider, Petroleum Development of Oman, our clients and all those who participated in the successful conduct of your Company's business, for their relentless efforts and valuable contribution.

Thanking you,

For and on behalf of the Board of Directors of
SAHARA HOSPITALITY CO. (S.A.O.G)

TALAL BIN QAIS AL ZAWAWI
CHAIRMAN

ANNEXURE-II TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The management of Sahara Hospitality Company SAOG ("SHC") is pleased to present its analysis report covering the company's performance during the year ended 30th November 2006 and Management's views on future outlook.

Industry Structure and Development

SHC hold a contract to build, own and operate Permanent Accommodation for Contractors ("PACs") of Petroleum Development Oman ("PDO"), one each at Fahud and Nimr. The project was completed and started its commercial operations on 1st September, 2000 and continues to be fully operational in compliance with contract terms and conditions.

The purpose of the PACs is to provide residential facilities to PDO contractor's staff at two interior locations in Fahud and Nimr. SHC constructed 384 and 264 room facilities at Fahud and Nimr respectively. It is a specialised trade that is subject to high professional and quality standards, and involves a considerable amount of effort and expertise to make services available to people in the remotest areas of the country. Although, SHC's current core business is provision of hospitality services at the PACs, the Board continue to explore all avenues of similar and/or any other commercial activities in Oman and expand the business when suitable opportunities arise.

Opportunities and Threats

The Board of Directors and the Management continue to monitor growing Omani commercial, industrial and financial market sectors, and would avail any opportunity that is attractive and would yield additional benefits to the company. Currently there is a high demand for additional rooms at Fahud and Nimr and the Company is already taken a decision to avail such opportunity in coordination with PDO. Our prime area of activity now is hospitality services to the oil and gas field sectors but this would not prejudice the company against entering or considering other diverse business activities.

The PACs would now gradually replace all the temporary camps at the two interior locations, Fahud and Nimr. Hence, the competition to SHC would come from the adjacent PACs at Fahud and Nimr, which are being operated by another Omani group company, having undertakings similar to ours with PDO.

Segment and Product-wise Reporting

SHC has only one segment of business, hospitality. In addition to this, all related services are being provided within the oil and gas fields in the interior of the Sultanate of Oman. Hence no additional discussions are warranted with regards to segment information.

Outlook

The business is progressing well, having witnessed high occupancy levels in both PACs at Fahud and Nimr, which influence the profitability of the company. As of now both PACs capacity levels is almost full and there is further demand for accommodations and under these circumstances, Board of Directors is planning to built additional accommodation facilities at current PAC facilities, thus ensuring availability of accommodation facilities for contractor's staff. The project has been approved by PDO and all related works are in progress. Our plan is to complete such facilities before end of 2007. This effort will lead to accommodate high level of occupancies resulting in an incremental turnover and positive impact on profitability.

Although, SHC's business future seems promising within the current scope of our contract and as long as oil & gas related activities continue at PAC locations, the Board of Directors would remain alert to opportunities to enhance its market share and establish additional similar or new attractive business ventures as and when circumstances allow, wherever applicable.

Through commitment and professionalized services, SHC have won the heart of its business community and today the management can proudly state that the company has established its mission of 'Building an Oasis in the Desert'.

The ability to respond comprehensively to customer needs will be the winning criterion. Low operating costs, efficiencies, distinctive quality will determine the winners! The company is always in the look out for improvement initiatives.

Risks and Concerns

The success of SHC's business depends on providing excellent services and achievement of maximum level of occupancy. Currently both PACs are well occupied with contractor's staffs and are expected to continue the same level or better in the coming year as well. Based on the prevailing condition and in order to meet additional requirements, we are also planning to built additional accommodation blocks at both PACs. Obviously, all such investments are highly depended on PDO activities in the area and should some unforeseen event happen then the Company is exposed to operational risk.

Another risk element is that the commercial life is dependant on the period for which oil and related activities would continue at the locations of the PACs. In this instance, the Board of Directors believes that, based on the available data, the oil and gas related activities, being the major national income sector, would continue at the current PAC locations, thus enabling continued operation of both of our PACs operations.

The PACs have been constructed on plots of land made available by PDO free of cost as governed by our contract terms. We have not obtained any long term lease for the land from the relevant authorities as the same was not felt to be a requirement. In the quite unlikely event that the leases become necessary, then we will have to complete the required formalities which will involve additional costs.

Internal Control System and Adequacies

The company's internal control systems are well established. An audit committee comprised of the company's four non- executive directors regularly reviews all operational and financial matters of the company. It also reviews the significant observations of internal audit. The audit committee's observations are acted upon by the management. Based upon the work of internal audit, supervised by the audit committee, and their periodic reviews of management information and reports, the Board consider that the Company's internal control systems in place are appropriate and have operated effectively during the year.

Financial and Operational Performance

Financial performance

An overview of the financial performance is already given in the Directors report. The audit committee constituted by the Board of Directors periodically reviews the financial performance and reporting systems. The summary of movement in net profit amounts and margin for the year is as under:

	Amount RO	Margin %
Net profit for FY 2005	664,382	22.77
(Loss)/gain in net profit amount and margin on account of:		
Sales	961,165	
Cost of sales	(629,662)	0.36
Administrative and general expenses	(17,152)	0.34
Financing costs	37,384	1.91
Other income	2293	0.06
Income Tax	(31,732)	
Net profit FY 2006	986,678	25.44

SHC has reported good performance during the period under review. Revenue was higher by 33% at RO 3,878,371 as against RO 2,917,206 in the corresponding period of previous year. Net profit before tax increased from RO 760,904 in 2005 to RO 1,114,934 in the same period of 2006, a growth of 47%. This is a record profit for the company and reflects sound and sustainable operating growth, driven by strong growth in the occupancy levels at both PACs.

The company continues to enjoy adequate liquidity. At the end of 2006, cash and bank balances accounted for 5.3 per cent of the Company's total assets and this is considered as adequate to meet with our needs.

Operational Performance

The primary role of the SHC is to support PDO's activities within the interior oilfield operations by way of providing high standard of hospitality services. We believe that the performance of SHC is and has been to the full satisfaction of our clients and customers. We consider this to be a great achievement of our management, leading to a positive financial outcome, without compromising on high standards expected.

The HSE and Hygiene policies are being strictly applied and shall remain to be the top priority in our business. For this purpose great ongoing efforts are being exerted, our HSE and Hygiene department have been augmented with functional expertise in compliance with contractual obligations and remain fully committed to it.

We are proud to report that the company has completed six years of operations successfully that includes over 4.6 million man hours worked and 1,969,801 kilometres driven safely.

Disclaimer:

The information and opinion expressed in this section of the Annual Report may contain certain "forward-looking statements", which the management believes are true to the best of its knowledge at the time of its preparation. The Company and the management shall not be held liable for any loss, which may arise as a result of any action taken on the basis of the information contained herein.

ANNEXURE-I TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE IN ACCORDANCE WITH CODE OF CORPORATE GOVERNANCE FOR MSM LISTED COMPANIES, ISSUED BY CIRCULAR No. 11/2002 AS AMENDED BY CIRCULAR No. 1/2003.

The Board and management are committed to the highest standards of corporate governance for Sahara Hospitality Co. (S.A.O.G) (hereafter referred to as "SHC" or the "Company"). This statement describes how the principles of Good Governance and provisions of the Code of Corporate Governance for MSM listed companies, issued by Circular No.11/2002 on 3 June 2002 as amended by circular No.1/2003 are applied by SHC.

1. Philosophy on the Code of Governance

The Company believes that sound corporate practices based on transparency, accountability and high level of integrity, in the functioning of the Company, is essential for the short and long term enhancement of the shareholders/ stakeholders value. SHC as a Company have always focused on good corporate practices which is a key driver of sustainable corporate growth and long term value creation for shareholders. The objective can be summarised as:

- To enhance shareholder value.
- To protect the interest of shareholders and other stakeholders including customers and society at large.

The Company is committed to:

- Ensure that the SHC Board of Directors meet regularly, provides effective leadership, exercises control over management and monitor executive performance.
- Provide free access to the Board to all relevant information, advice, resources as are necessary to enable it to carry out its role effectively.

2. Board of Directors

2.1 The Board consists of eight Directors having a suitable mix of professionalism knowledge and experience. Of these, two are executive Directors and others non-executive/independent Directors.

2.2 The current composition of the Board of Directors is given below:

<i>Sr. No.</i>	<i>Name</i>	<i>Position/ Category</i>	<i>Last AGM held on 22.02.06</i>	<i>Board meetings proxy/attended</i>	<i>Other Director -ship</i>
1.	Talal Bin Qais Al Zawawi	Chairman/ Independent Director	Absent	7	-
2.	Abdulmunim Bin Qais Al Zawawi	Non-Executive/ Independent Director	Absent	4	-
4.	Ramesh Kumar	Non-Executive/ Independent Director	Present	7	-
5.	Sasi Madathil	Non-Executive/ Independent Director	Present	7	-

5.	Raymond Bejjani	Executive Director	Present	7	-
7.	K.S. Visruthan	Executive Director	Present	7	-
8.	Yaseen Hassan Abdullatif	Non-Executive/ Independent Director	Present	7	-
9.	K.T. Rajagopalan	Non-Executive/ Independent Director	Present	7	-

2.3 As per disclosures made by our Directors, it is learned that none of them are in the Board of Directors or Chairperson of other public companies

2.4 The Board meets at least once in a quarter to review the quarterly performance and financial results. All the necessary papers along with annexure, explanatory notes etc., if any, are circulated along with agenda to all directors about 7 to 10 days in advance or are tabled in the course of the Board meeting. The Directors shall, at least annually, conduct a review of the effectiveness of the company's systems of internal control through the Management Audit being conducted by the Company. Seven Meetings of the Board of Directors were held during the financial year ended 30th November 2006 as under:

Dates of the Meetings:

22 December, 2005
01 February, 2006
26 March, 2006
20 June, 2006
09 August, 2006
23 September, 2006
28 November, 2006

3. Audit committee

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting progress with a view to ensuring accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting.

3.1 Broad term of Reference:

The Committee reviews and ensures that financial statements are correct, sufficient and credible with reference to the following points before submission to the Board.

- Reviewing risk management policies and reasons for defaulting payment obligations, if any.
- Changes in the Accounting Policies and Practices
- Qualifications in Draft Audit Report.
- Compliance with Accounting Standards.
- Going concern assumptions.
- Material transactions with promoters or management, their subordinates or relatives with potential conflicts with the interest of the Company at large.
- Discuss with Statutory Auditors on areas of concern and adequacy internal control systems.
- Recommendation for Auditor's appointment / removal.

- Review the Audit fees and other payments for professional services rendered by the auditors.
- Supervision of Internal Audit including the scope and consideration of significant audit findings / area of concern.
- Review the Company's management reports.
- Supervision of the adequacy of the internal control system.
- Monitoring financial fraud.

In order to effectively discharge their responsibility, the committee members have been empowered:

- To investigate any activity referred.
- To seek information from any employee of the Company.
- To invite Statutory / Internal Auditor.

3.2 Composition, Name of Members and Chairperson

The Board of Directors at their meeting held on 22nd February 2003 had constituted the Audit Committee comprising of three Non-Executive Directors. Following the election of the new Board of Directors, the Board at its first meeting held on 17th October 2004, re-constituted the audit committee comprising of four Non-Executive Directors.

The composition of the Audit Committee and attendance of the members during the year at its meetings are given hereunder:

<i>Name of the Member</i>	<i>Position</i>	<i>Category</i>	<i>Attendance during the year</i>
Yaseen Hassan Abdullatif	Chairman	Non-Executive/ Independent Director	6
Ramesh Kumar	Member	Non-executive/ Independent Director	5
K.T.Rajgopalan	Member	Non-Executive Independent Director	5
Sasi Madathil	Member	Non-Executive Independent Director	5

All members of the committee are knowledgeable in finance, industry and laws and regulations governing SAOG companies.

During the financial year 2005-2006 under review, six Audit Committee Meetings were held on 22 December 2005, 01 February, 2006, 26 March 2006, 20 June 2006, 23 September 2006 and 28 November 2006.

The Internal Auditor acted as the Secretary of the Audit Committee in all six meetings.

It is prerogative of the Audit Committee to invite Senior Executives, whom it considers appropriate to be present at the meeting. Almost in all the Audit Committee meetings, Senior Executives of the Company were invited.

The minutes of each of the Audit Committee Meeting are placed before the Board of Directors and discussed in the Board Meeting.

4. Process of Nomination of Directors

The term of office of the first Board of Directors were completed after three years period on 30th September 2004 and a new Board of Directors were elected by the shareholders general meeting held on 28 September 2004. The elected members are being continued in 2006. The nomination process is governed by company's Articles of Association, Article 27, 28 and 29

5. Remuneration matters

- 5.1 The Board of Directors is pleased to recommend, subject to the approval of the shareholders, RO 30,953 as remuneration to the Directors for the financial year ended 2006. This was calculated based on 5% of the net annual profits after deducting the legal reserve and calculating the dividend to shareholders 5% of the capital.

With regard to officers, all management functions are provided by the service provider (founder shareholder) by virtue of an agreement dated 24th July, 1999 forming basis of the award of the contract by Petroleum Development Oman. Salaries and related costs charged for the financial year 2006 amount to RO 29,258.

Following on from the preceding paragraph disclosing re-charged costs and direct payments, there are no bonus, stock option, and gratuity and pension scheme in effect.

- 5.2 There exists no fixed component or performance linked incentives.
- 5.3 Same as above explanations, we do not have direct employees and hence disclosures under this requirement on service contracts, notice period and severance fees are not applicable.

6. Details of Non-compliance by the Company

The Company has complied with various rules and regulations prescribed by the regulatory authorities during the period of its operations. So far we have not been penalised by way of notices and/or pecuniary penalties by MSM, CMA and any other statutory authority.

7. Means of communication with the shareholders & investors

- 7.1 As required by law, the Company has been publishing annual audited and quarterly un-audited financial results in two newspapers after being approved by the Board. The annual audited accounts and Chairman's report are despatched to all shareholders by mail.
- 7.2 The results are simultaneously posted on the website of the Company at www.sahara.com.om .
- 7.3 On this website, the investors can also find details of various services being provided by the Company.
- 7.4 The Company did not make any presentation to the institutional investors or to the analysts.
- 7.5 Management Discussion and Analysis Report forms part of this Annual Report.
- 7.6 The Company has a procedure for ensuring material information is identified and communicated to CMA and shareholders.
- 7.7 The Company has a procedure to ensure implementation of its disclosure policy and to monitor the policy's compliance with laws and regulations.

8. Market price data

8.1 The following table, as provided by MSM, shows the share price movements and volume of sales of the company during current financial year. It is noted that no major movements in the trades were taken place during this period. The closing price of 2006 based on the last trade made on 27.06.2006 was RO 2.000 per share in the market.

Performance from 01.12.2005 to 30.11.2006

Date	Open	High	Low	#	Volume	Turn-over	Last Trade	P. Close	Close	Net Change
28/05/06	1.926	1.926	1.926	2	2311	1200	1.926 28/05/06	1.926	1.926	0.000
27/06/06	1.926	2.000	1.926	5	10252	5200	2.000 27/06/06	1.926	2.000	0.074

8.2 MSM index details of service sector, representing share price movements for the period 1.12.2005 to 30.11.2006 was as follows:

Performance from 01.12.2005 to 30.11.2006

Open	High	Low	Close	Change
2,002.490	2,493.260 Nov 2, 2006 10:00 AM	1,911.090 May 13, 2006 01:22 PM	2,354.300	17.57% 351.810 ▲

8.3 Shareholding pattern of the company as at the close of financial year was 60% by 6 founder shareholders (3,500,000 shares) and 40% by public (2,333,333 shares), which were owned by 26 shareholders. The following are the shareholders holding 10% or more interest in the Company:

- Alawi Enterprises LLC, Oman
- Chatron Commercial Corporation, Panama
- Catering and Supplies company LLC, Oman

8.4 There were no outstanding GDRs or ADRs or Warrants.

9. Specific areas of non-compliance with the provisions of corporate governance and reasons

There was no non-compliance by the Company in respect of Code of Corporate Governance and our report on Corporate Governance has been produced, which forms part of the Directors report.

10. Professional profile of the statutory auditor

Moore Stephens member firms worldwide have specialised in providing audit, accounting and advisory services to their international clientele for more than 50 years. A wide range of services has been developed over the years to assist clients in meeting their cross-border commercial objectives, and these are complemented by local services in each country to the same high standard of personal service that is the hallmark of the Moore Stephens Member Firms worldwide. They have developed a substantial network throughout the world, capable of handling assignments for all their clients, be they large or small, corporate or personal.

Since Moore Stephens London was founded 100 years ago, the Moore Stephens International Limited network has grown to be one of the 12 largest International accounting and consulting groups worldwide. Moore Stephens International is regarded as one of the world's major accounting and consulting networks consisting of 335 independent firms with 593 offices and over 17,000 people across 93 countries.

Led by a Policy Committee, which has representation on it from each part of the world, the Moore Stephens member firms operate through a regional structure, in North America (144 offices), Europe (302 offices), Asia Pacific (73 offices), Australia (13 offices), Latin America (34 offices), South Africa (6 offices) and Middle East (21 offices). The four regional firms are led by Executive Committees,

made up of principals drawn from within the region, whose main task is to assure the effectiveness of the network, its standards and its development.

The broad spectrum of services available in the larger offices includes Audit, Accounting and Business Services, Tax Services and International Business Structures, Corporate Finance, Management Consultancy, Financial Services, Investigations and Studies, Insolvency Services and Legal Services.

The Oman branch of Moore Stephens commenced practice in 1988. Over the years, the practice has developed considerably and now services a number of clients, including major listed companies, Groups, government organizations and Ministries providing either audit, tax or management consultancy services. The local staff strength is around 30, most of whom are qualified Chartered Accountants, internal auditors and information systems auditors from the Asian sub continent and Europe.

11. Any other important aspect

The board believes, based on the review of internal controls carried out by the audit committee, that the system of internal control is adequate to ensure compliance with laws and regulations.

Based on an examination of the internal audit work, discussion with management and scrutiny of previous management information, the audit committee have concluded that company's system of internal control have operated effectively during the year.

The Board have approved the budget of the company for the year 2007 and, on the strength of the budget and consideration of the expected cash flow, consider that the company will continue in operational existence for the foreseeable future.

SAHARA HOSPITALITY COMPANY SAOG

FINANCIAL STATEMENTS

30 NOVEMBER 2006

Registered office and principal place of business:

P O Box No 311, Postal Code 113
Muscat
Sultanate of Oman

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SAHARA HOSPITALITY COMPANY SAOG

Report on the financial statements

We have audited the accompanying financial statements of Sahara Hospitality Company SAOG which comprise the balance sheet as at 30 November 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 2 to 16.

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion the financial statements present fairly, in all material respects, the financial position of the Company as at 30 November 2006 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

The Company's financial statements also comply in all material respects with the relevant requirements of the Commercial Companies Law of the Sultanate of Oman 1974 (as amended) and the relevant disclosure requirement for public joint stock companies issued by the Capital Market Authority.

29 January 2007

BALANCE SHEET
at 30 November 2006

	Note	2006 RO	2005 (Restated) RO
ASSETS			
Non-current assets			
Property, plant and equipment and total non current assets	4	8,242,893	8,656,111
Current assets			
Inventories	2 d)	6,538	4,967
Accounts and other receivables	5	1,431,444	1,201,658
Bank balances and cash		543,976	283,513
Total current assets		1,981,958	1,490,138
Total assets		10,224,851	10,146,249
SHAREHOLDERS' FUNDS AND LIABILITIES			
Shareholders' funds			
Share capital	9	5,833,333	5,833,333
Legal reserve	10	363,563	264,895
Proposed dividend	14 a)	525,000	350,000
Retained earnings		1,287,097	924,087
Shareholders' funds		8,008,993	7,372,315
LIABILITIES			
Non current liabilities			
Non current portion of term loan	7 & 11	770,474	1,395,474
Deferred taxation	8	80,211	77,391
Total non current liabilities		850,685	1,472,865
Current liabilities			
Current portion of term loan	7 & 11	625,000	625,000
Accounts and other payables	6	84,253	59,165
Taxation	8	127,371	96,208
Amounts due to related parties	11	528,549	520,696
Total current liabilities		1,365,173	1,301,069
Total Shareholders' funds and liabilities		10,224,851	10,146,249
Net assets per share	12	1.373	1.264

These financial statements on pages 2 to 16 were authorized for issue and approved by the Board of Directors on 22 January 2007 and were signed on their behalf by:

 Chairman

 Director

The attached notes 1 to 18 form part of these financial statements.

STATEMENT OF INCOME
for the year ended 30 November 2006

	Note	2006 RO	2005 (Restated) RO
Revenue	2 j)	3,878,371	2,917,206
Cost of sales	3 a) & 11	(2,584,129)	(1,954,467)
Gross profit		1,294,242	962,739
Administrative and general expenses	3 b)	(106,913)	(89,761)
Profit from operations		1,187,329	872,978
Other income		2,293	--
Finance charges	3 c), 7 & 11	(74,690)	(112,074)
Profit for the year before tax		1,114,932	760,904
Taxation	8	(128,254)	(96,522)
PROFIT FOR THE YEAR		986,678	664,382
		=====	=====
Basic earnings per share	13	0.169	0.114
		=====	=====
Dividend per share	14 b)	0.090	0.060
		=====	=====

The attached notes 1 to 18 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 November 2006

	Share capital (Note 9) RO	Legal reserve (Note 10) RO	Proposed dividend [Note 14 a] RO	Retained earnings RO	Total RO
At 30 November 2004	5,833,333	196,613	350,000	677,987	7,057,933
Profit for the year (restated) [see note 18]	--	--	--	664,382	664,382
Transfer to legal reserve	--	68,282	--	(68,282)	--
Proposed dividend	--	--	350,000	(350,000)	--
Dividend paid	--	--	(350,000)	--	(350,000)
	-----	-----	-----	-----	-----
At 30 November 2005	5,833,333	264,895	350,000	924,087	7,372,315
	=====	=====	=====	=====	=====
At 30 November 2005	5,833,333	264,895	350,000	924,087	7,372,315
Profit for the year	--	--	--	986,678	986,678
Transfer to legal reserve	--	98,668	--	(98,668)	--
Dividend paid	--	--	(350,000)	--	(350,000)
Proposed dividend	--	--	525,000	(525,000)	--
	-----	-----	-----	-----	-----
At 30 November 2006	5,833,333	363,563	525,000	1,287,097	8,008,993
	=====	=====	=====	=====	=====

The attached notes 1 to 18 form part of these financial statements.

CASH FLOW STATEMENT
for the year ended 30 November 2006

	2006 RO	2005 RO
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from revenue	3,657,828	2,734,108
Cash paid for cost of sales and general and administration	(2,229,747)	(1,533,151)
	-----	-----
Cash generated from operations	1,428,081	1,200,957
Finance charges	(74,690)	(112,074)
Taxation	(94,271)	(80,101)
	-----	-----
Net cash generated from operating activities	1,259,120	1,008,782
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(23,657)	(9,995)
	-----	-----
Net cash used in investing activities	(23,657)	(9,995)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Term loan repaid	(625,000)	(625,000)
Dividend paid	(350,000)	(350,000)
	-----	-----
Net cash used in financing activities	(975,000)	(975,000)
	-----	-----
Net increase in cash and cash equivalents during the year	260,463	23,787
Cash and cash equivalents at the beginning of the year	283,513	259,726
	-----	-----
Cash and cash equivalents [note 2 f)] at the end of the year	543,976	283,513
	=====	=====

The attached notes 1 to 18 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
at 30 November 2006****1 LEGAL STATUS AND PRINCIPAL ACTIVITIES**

Sahara Hospitality Company SAOG ("The Company") was initially formed as a closed joint stock company on 1 September 1999. The Company was subsequently registered as a public joint stock company ("SAOG") on 24 December 2001. The principal activity of the Company is to build, own and operate permanent accommodations ("the PACs") for contractors of Petroleum Development Oman LLC ("PDO") in Fahud and Nimr. PDO is committed under an agreement with the Company dated 30 May 1998 to provide land free of cost on which the PACs are situated.

The PACs are operated, in accordance with the terms and conditions of a service agreement dated 24 July 1999 ("the Contract"), by a related party, Catering and Supplies Company LLC ("CSC"). Under the terms of the Contract, CSC operates the PACs in return for agreed rates (see notes 3 and 11). The Contract provides that CSC will indemnify the Company in respect of any penalties payable by the Company arising due to CSC's failure to provide the services prescribed therein.

2 SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the requirements of the Commercial Companies Law of the Sultanate of Oman 1974 (as amended). The financial statements have been prepared in Rials Omani. In the current year, the Company has adopted all applicable new and revised Standards and Interpretations issued by IASB and the IFRIC that are effective for accounting periods beginning on or after 1 January 2005.

In the current year, the Company has adopted all applicable new and revised Standards and Interpretations issued by IASB and the IFRIC that are effective for accounting periods beginning on or after 1 January 2006. Certain new standards and amendments to existing standards have been published that are effective and mandatory for accounting periods commencing 1 January 2007, which the Board of Directors have decided against early adoption. Those standards and amendments relevant to the Company's operations are as follows:

- IFRS 7 'Financial Instruments: Disclosures' requires the disclosure of the significance of financial instruments for an entity's financial position and performance. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.
- Amendment to IAS 1 'Presentation of Financial Statements – Capital Disclosure' requires an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

The following accounting policies have been consistently applied in dealing with items considered material to the Company's financial statements.

a) Accounting convention

The financial statements are prepared under the historical cost convention.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
at 30 November 2006

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of overheads. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognized in the income statement as an expense as incurred.

c) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. The estimated useful lives are as follows:

	<i>Years</i>
Building	30
Equipment	15
Furniture and fixtures	7
Motor vehicles	5

Depreciation methods and useful lives as well as residual values are reassessed annually.

d) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the first - in first - out basis.

e) Accounts receivable

Accounts receivable originated by the Company is measured at cost. Bad debts are written off or provided for as they arise and provision is made for doubtful receivables.

f) Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalents consist of bank balances and cash with maturity of three months or less from the date of acquisition, net of short term bank borrowings, if any.

g) Impairment of assets

Financial assets

At each balance sheet date, the Company assesses if there is any objective evidence indicating impairment of financial assets carried at cost or non collectability of receivables.

An impairment loss, if any, arrived at as a difference between the carrying amount and the recoverable amount, is recognised in the statement of income. The recoverable amount represents the present value of expected future cash flows discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
at 30 November 2006**2 SIGNIFICANT ACCOUNTING POLICIES (Continued)****g) Impairment of assets (Continued)***Non-financial assets*

At each balance sheet date, the Company assesses if there is any indication of impairment of non financial assets. If an indication exists, the Company estimates the recoverable amount of the asset and recognises an impairment loss in the statement of income. The Company also assesses if there is any indication that an impairment loss recognized in prior years no longer exists or has reduced. The resultant impairment loss or reversals are recognised immediately in the statement of income.

h) Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

i) Accounts payable and accruals

Liabilities are recognised for amounts to be paid for goods and service received, whether or not billed to the Company.

j) Revenue

Revenue comprises amounts derived from the provision of services falling within the Company's ordinary activities. Revenue from services rendered is recognized in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. Revenue is not recognized if there are significant uncertainties regarding the recovery of consideration due or associated costs.

k) Taxation

Taxation is provided for in accordance with the Sultanate of Oman's fiscal regulations.

Deferred taxation is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine the deferred tax. The principal temporary differences arise from depreciation on property, plant and equipment and provision for doubtful debts.

l) Leases

Operating lease payments are charged to the statement of income.

m) Estimates and judgements

In preparing the financial statements, the Board of Directors is required to make estimates and assumptions which affect reported income and expenses, assets, liabilities and related disclosures. The use of available information and application of judgement based on historical experience and other factors are inherent in the formation of estimates. Actual results in the future could differ from such estimates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
at 30 November 2006

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

o) Dividends

The Board of Directors recommend to the shareholders the dividend to be paid out of Company's profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law while recommending the Dividend.

p) Directors' remuneration

The Company follows the Commercial Companies Law 1974 (as amended), and other latest relevant directives issued by CMA, in regard to determination of the amount to be paid as Directors remuneration. Directors' remuneration is charged to the statement of income in the year to which they relate.

3 EXPENSES	2006	2005
	RO	RO
a) Cost of sales		
Cost of provision of services by CSC (see notes 1 and 11)	1,998,465	1,411,628
Depreciation	436,875	440,596
Others	148,789	102,243
	-----	-----
	2,584,129	1,954,467
	=====	=====
b) Administrative and general expenses		
Salaries and related expenses	29,258	29,472
Directors' remuneration (note 11)	30,953	18,436
Insurance	11,984	7,897
Others	34,718	33,956
	-----	-----
	106,913	89,761
	=====	=====
c) Finance charges		
Interest and bank charges	76,154	112,316
Less : interest income	(1,464)	(242)
	-----	-----
	74,690	112,074
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)
at 30 November 2006

4 PROPERTY, PLANT AND EQUIPMENT

Year ended 30 November 2006	Buildings RO	Equipment RO	Furniture and fixtures RO	Vehicles RO	Capital work in progress RO	Total RO
Cost						
At 30 November 2005	10,006,734	405,052	526,938	34,840	--	10,973,564
Additions during the year	4,590	10,231	4,086	--	4,750	23,657
At 30 November 2006	10,011,324	415,283	531,024	34,840	4,750	10,997,221
Depreciation						
At 30 November 2005	1,751,143	137,655	393,815	34,840	--	2,317,453
Charge for the year	333,683	27,365	75,827	--	--	436,875
At 30 November 2006	2,084,826	165,020	469,642	34,840	--	2,754,328
Net book value						
At 30 November 2006	7,926,498	250,263	61,382	--	4,750	8,242,893
At 30 November 2005	8,255,591	267,397	133,123	--	--	8,656,111
Year ended 30 November 2005						
	Buildings RO	Equipment RO	Furniture and fixtures RO	Vehicles RO	Total RO	
Cost						
At 30 November 2004		10,006,734	395,057	526,938	34,840	10,963,569
Additions during the year		--	9,995	--	--	9,995
At 30 November 2005		10,006,734	405,052	526,938	34,840	10,973,564
Depreciation						
At 30 November 2004		1,417,585	111,120	318,538	29,614	1,876,857
Charge for the year		333,558	26,535	75,277	5,226	440,596
At 30 November 2005		1,751,143	137,655	393,815	34,840	2,317,453
Net book value						
At 30 November 2005		8,255,591	267,397	133,123	--	8,656,111
At 30 November 2004		8,589,149	283,937	208,400	5,226	9,086,712

The following note applies:

Capital work in progress at the balance sheet date relates to expenses incurred towards a proposed (but not yet committed) expansion plan.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
at 30 November 2006

5 ACCOUNTS AND OTHER RECEIVABLES	2006 RO	2005 RO
Accounts receivable	1,430,126	1,208,105
Less: provision for doubtful debts [see note a) below]	(12,500)	(11,022)
	-----	-----
Prepayments	1,417,626 13,818	1,197,083 4,575
	-----	-----
	<u>1,431,444</u>	<u>1,201,658</u>
	=====	=====

The following further notes apply:

a) The movement in provision for doubtful debts is given below:

	2006 RO	2005 RO
At the beginning of the year	11,022	11,022
Provided during the year	1,478	--
	-----	-----
At the end of the year	<u>12,500</u>	<u>11,022</u>
	=====	=====

b) Trade receivables are assigned as security for the Company's borrowings (see note 7).

6 ACCOUNTS AND OTHER PAYABLES	2006 RO	2005 RO
Accounts and other payables	42,950	21,875
Proposed directors' remuneration (see note below)	30,953	18,436
Accruals	10,350	18,854
	-----	-----
	<u>84,253</u>	<u>59,165</u>
	=====	=====

The following further note applies:

The proposed directors' remuneration is subject to the approval at the Annual General Meeting.

7 TERM LOAN	2006 RO	2005 RO
Long term maturity of term loan	770,474	1,395,474
Current maturity of term loan	625,000	625,000
	-----	-----
	<u>1,395,474</u>	<u>2,020,474</u>
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)
at 30 November 2006

7 TERM LOAN (Continued)

The following further notes apply:

- a) The maturity profile of the term loan is as follows:

	2006 RO	2005 RO
Less than 1 year	625,000	625,000
Between 1 - 2 years	625,000	625,000
Between 3 – 5 years	145,474	770,474
	-----	-----
	1,395,474	2,020,474
	=====	=====

- b) The Company has availed a term loan amounting to RO 5 million from a local commercial bank (a related party). This loan is repayable in 32 equal quarterly installments of RO 156,250 which commenced on 1 April 2001. The annual effective rate of interest on the loan is 5.1% (2005: 5.8%).
- c) The term loan is secured by assignment of trade receivables and insurance policies of the Company. The bank providing the term loan has confirmed that it has an undertaking from the Company that the land will not be mortgaged other than to the lending bank. The land as mentioned in note 1 to the financial statements, has been provided to the Company by PDO without charge. The Board of Directors is of the opinion that the arrangement was to provide an undertaking to assign in favour of the bank the Company's rights on the land (arising from an agreement dated 30 May 1998 with PDO referred to in note 1) on which the Company's buildings are constructed.

8 TAXATION

	2006 RO	2005 RO
Income statement		
Current year	125,434	85,870
Prior years	--	8,243
Deferred tax expense:	2,820	2,409
	-----	-----
	128,254	96,522
	-----	-----
Balance sheet		
Current liability		
Taxation	127,371	96,208
	=====	=====
Non-current liability		
Deferred taxation [see note d) below]	80,211	77,391
	=====	=====

The following further notes apply:

- a) The Company is subject to income tax at the rate of 12% (2005 - 12%) of taxable income in excess of RO 30,000.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
at 30 November 2006

8 TAXATION (Continued)

- b) The following is a reconciliation of income calculated based on accounting profit before tax at the applicable tax rate with the income tax expense:

	2006 RO	2005 RO
Profit before tax	1,114,932 =====	760,904 =====
Income tax as per rates mentioned above	130,192	87,708
Other deductible expenses	--	
Non-deductible expenses	--	454
Under provided in respect of prior years	--	10,456
Excess provided in prior year	(1,938)	(2,096)
Income tax expense	----- 128,254 =====	----- 96,522 =====

- c) Following the rejection of the Company's objection by the Secretary General for Taxation, the income tax assessments of the Company for the years 2000 to 2003 have been completed by the Secretariat General for Taxation with an additional demand for tax amounting to RO 8,243 which was provided during the previous year and paid during the year. The Company has filed an appeal for the years 2000 and 2001 with the Tax Committee against the completed assessments with respect to disallowance of Company formation expenses. The appeal has not yet been heard. The Board of Directors are of the opinion that additional taxes, which may be assessed in respect of the above appeal and for the unassessed years 2004 and 2005, if any, would not be material to the Company's financial position as at the balance sheet date.
- d) Recognised deferred tax liabilities are attributable to the following items:

	30 November 2005 RO	Recognised in income statement RO	30 November 2006 RO
Property, plant and equipment	(78,713)	(3,168)	(81,881)
Provision for doubtful debts	1,322	348	1,670
Net deferred tax liability	----- (77,391) =====	----- (2,820) =====	----- (80,211) =====

9 SHARE CAPITAL

Share capital

The Company's authorised share capital consists of 10,000,000 shares of RO 1 each (2005 – 10,000,000 of RO 1 each). At 30 November 2006 and 2005, the Company's issued and fully paid-up share capital consisted of 5,833,333 shares of RO 1 each. Shareholders who own 10% or more of the Company's share capital are as follows:

	2006 %	2005 %
Alawi Enterprises LLC	20	20
Catering and Supplies LLC	20	20
Chatron Commercial Corporation	12.33	12.33

NOTES TO THE FINANCIAL STATEMENTS (Continued)
at 30 November 2006

10 LEGAL RESERVE

Article 106 of the Commercial Companies Law of 1974 requires that 10% of the Company's profit for the year be transferred to a non-distributable legal reserve until the amount of the legal reserve becomes equal to at least one-third of the Company's paid-up share capital.

11 RELATED PARTY TRANSACTIONS

A substantial number of transactions entered into by the Company during the year are with certain shareholders or with companies over which certain directors, officers and shareholders are able to exercise significant influence. Costs for provision of services for the operation of the PACs, which are payable to a related party, are determined based on contractually agreed terms (see note 1). Additionally, the Company and CSC share the profits from beverages sales at the PACs equally. The Company's share of beverages sales profits during the year amounted to approximately RO 42,951 (2005 - RO 34,000). In respect of other related party transactions, the terms are believed by the Board of Directors to be comparable with commercial terms that could be obtained from third parties on an arms length basis.

During the year, related party transactions were as follows:

	2006 RO	2005 RO
Transactions with shareholders holding 10% or more interest in the Company		
Services rendered and recharged (see notes 1 and 3)		
- Catering and Supplies Co LLC	1,998,465	1,411,628
Services others		
- Catering and Supplies Co LLC	147,069	82,101
Purchases		
- Marketing and Services Co LLC	41,091	29,665
- Risk Management Services Co LLC	11,325	10,182
Transactions with Shareholders holding less than 10% interest in the Company		
Finance charges		
- BankMuscat SAOG	82,575	112,558

The key management personnel compensation for the year comprises:

	2006 RO	2005 RO
Directors' remuneration [see note 6]	30,953 =====	18,436 =====

The amount due to related parties are on normal terms of credit and consideration to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
at 30 November 2006

11 RELATED PARTY TRANSACTIONS (Continued)

	2006 RO	2005 RO
Amount due to shareholders holding 10% or more interest in the Company		
- Catering and Supplies Co LLC	515,658	508,697
- Marketing and Services Co LLC	12,891	9,133
- Risk Management Services Co LLC	--	2,866
	-----	-----
	528,549	520,696
	=====	=====

12 NET ASSETS PER SHARE

Net assets per share is calculated by dividing the net assets at the balance sheet date by the number of shares outstanding at the end of the year as follows:

	2006	2005
Net assets (in Rials Omani)	8,008,993	7,372,315
	=====	=====
Number of shares outstanding	5,833,333	5,833,333
	=====	=====
Net assets per share (in Rials Omani)	1.373	1.264
	=====	=====

13 BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net result for the year by the weighted average number of shares outstanding during the year as follows:

	2006 RO	2005 RO
Net profit for the year	986,678	664,382
	=====	=====
Weighted average number of ordinary shares at 30 November	5,833,333	5,833,333
	=====	=====
Basic earnings per share	0.169	0.114
	=====	=====

14 PROPOSED DIVIDEND

- a) A dividend in respect of year 2006 of RO 0.090 per share (2005 – RO 0.060 per share) amounting to a total of RO 525,000 (2005 – RO 350,000) is proposed by the Board of Directors. The dividend is subject to the approval at the Annual General meeting.
- b) Dividend per share is determined by dividing the dividend proposed for the year of RO 525,000 (2005 – RO 350,000) by the number of ordinary shares at the balance sheet date of 5,833,333 shares (2005 – 5,833,333 shares).
- c) During the year an amount of RO 1,080 (2005 - RO 252 pertaining to the year 2004), representing unclaimed dividends, has been transferred to the Investors Trust Fund of the Capital Market Authority.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
at 30 November 2006

15 CONTINGENCIES	2006 RO	2005 RO
Performance guarantee	100,000 =====	100,000 =====

16 SEGMENTAL REPORTING

The Company has only one business segment: hospitality. Additionally, all services are provided within the Sultanate of Oman. Accordingly, no disclosures in respect of segment information are made in these financial statements.

17 FINANCIAL INSTRUMENTS

Exposure to credit and interest rate risk arises in the normal course of the Company's business.

Credit risk

The Company has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit.

Cash is placed with a locally established commercial bank. the Company does not obtain collateral in respect of financial assets. At the balance sheet date, the Board of Directors consider that there was no significant concentration of credit risk.

Interest rate risk

The Company manages its interest rate risk by ensuring that long-term borrowings are on a fixed rate basis. The applicable interest rates and repayment terms of the Company's long term loan are disclosed in note 7 to the financial statements.

Fair value

The Board of Directors believes that the fair values of financial assets and liabilities are not significantly different from their carrying amounts at the balance sheet date.

18 COMPARATIVES

Certain comparative figures have been reclassified to conform with the presentation adopted in these financial statements. In particular, in the previous years the Directors' remuneration was included in the statement of changes in equity, whereas in the current year Directors' remuneration has been included in the statement of income. Consequently in changing the above classification, the previously reported profit for the year to 30 November 2005 of RO 682,818 has been reduced to RO 664,382.