

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of National Hospitality Institute SAOG ("NHI"), I am pleased to present to you unaudited financial statements for the Half Year ended 30th June 2011.

Financial Performance

The company has posted a consolidated net loss of Rials 71k for the period from revenue of Rials 287k as against net loss of Rials 125k and revenue of Rials 282k for the same period in the last year. The revenues are 5k higher for the same period in the last year. The principle impact that caused last year's poor result and the further deterioration of this year's losses are the reduced allocation of trainees for Government-sponsored courses and receivables.

Re-stating the challenges

As you will know from my previous reports your company has faced major challenges in the ability to process students under the funding system at the Ministry of Manpower whilst simultaneously maintaining all required physical and human resources in place. This situation is no longer tenable and your company intend to reduce these resources. It seems illogical taking into account the current scenario in Oman where young Omanis are looking for jobs and are very often unsuccessful due to a lack of skills. Your company has excellent resources suitable for this kind of vocational skill training and has many thousands of past alumni to prove its effectiveness in this area. For many members of the public it is a source of confusion that so many private clients with often higher demands, see the value in your companies services whilst the ministry does not.

However, your company has understood the challenges and has been successful in building its private training revenues which have been sourced from a variety of clients spanning public sector, industrial, hospitality, individuals and corporate. The NHI team has been innovative and dynamic in the design of new courses and providing unique solutions to their clients. Your company now has a broader base of customers which include expatriates as well as Omanis. Your company is fully engaged in the Hospitality market playing a leading role in the Oman Chefs Guild, Judges at the Restaurant awards both in Oman and UAE and acting as a focal point of information and guidance to the local industry here in Oman.

The Way Forward

Your company will continue to engage with the Ministry and try to bring real solutions. However, this will only be done under conditions which serve the needs of both parties. Your company will continue its drive to create innovative programmes which impart Job skills to young people. Your company stays in close touch with the local hospitality market to assess its needs and is now working towards a one stop shop for its customers recruitment and training needs. This will provide private training and direct recruitment services to companies who need a faster recruitment of experienced personnel. They will also promote their new product Fast - Track which provides the company with a solution to the recruitment and training of school leavers.

It is our sincere intention to act as a key facilitator at this critical juncture to meet the nations Omanisation objectives in this sector. We can justly look back with some pride at the achievements of NHI and the contribution it has made to getting Omanis into meaningful jobs in the hospitality sector. We aim to leverage our experience and work with the relevant authorities to deliver on our part of the commitment made by his Majesty toward the people of Oman.

Tarik Al Said
Chairman