

Chairman's Report for the First Half Year, 2012

Dear Shareholders,

On behalf of the Board of Directors of National Hospitality Institute SAOG ("NHI"), I am pleased to present to you the report and unaudited financial statements for the Half Year ended 30th June 2012

Financial Performance,

The company has posted a consolidated net profit of RO.17k for the Half Year from a revenue of RO.427k as against net loss of RO.71k and revenue of RO.287k in previous year. The revenues are 49% higher than same period in the last year. The new increased stipend payments to students have now started to be paid and in the First Half Year they have an impact of increasing sales by RO.57K through higher fees and on costs to the same amount. We are working with the Ministry of Manpower to ensure faster payments of our fees to counteract the higher outflow of cash .I am pleased to confirm that whilst we are still awaiting payment for some old business we have solved most of the issues and have received monies from the Ministry.

Environment,

This Half Year has seen your company recruit new students from both the private and public sector in a range of disciplines. The processing of documentation at the Ministry of Manpower has improved slightly which has allowed us to recruit students quicker than last year.

However there is a possibility of a new minimum salary set by the Ministry for students whom have gone through training . This has created challenges for some of our clients from the Hotel Industry and has affected the number of students they plan to process through NHI this year.

There is still a severe shortage of local Omanis in the local hospitality industry and your company is working closely with employers to find solutions. Your company has been innovative in designing different methods of recruitment and training to allow the flexibility required by this sector. In addition to the fresh school leavers, your company is promoting courses for those people already in work and who need to upgrade their skills to allow them to move on with their careers.

Whereas the Ministry of Manpower remains a key customer, your company has proactively approached several corporate companies to request sponsorship of training through their corporate social responsibility budgets. Your company attracts the interest of corporates by linking training to employment which provides tangible results. We believe that your company provides a unique opportunity for many hundreds of young people who

cannot access education and training in other sectors. Through the practical hands on approach of our programmes we are the leaders in providing skills and teaching strong work ethic in future employees. Your company was delighted to recently announce that we have received our first funding from Bank Muscat for RO25K. This is the first part of a four part agreement to train young Omanis for specific sectors and who are registered with the Ministry of Social Development.

Diversification

Your company continues to diversify its customer base and appeal to a broader range of clients. We recently saw the launch of Smiles of Oman, a strategic set of training programmes with added support to enable better customer service in a whole range of companies who provide customer service in Oman. In addition to this we have secured our first customers for our new Safe Food Better Business - Food Safety Management system for hospitality. This development is in line with the governments drive to improve the standards of food safety in Oman .

Forward Outlook

We continue to drive the development of our people to be attuned to the needs of the market and employ a flexible team dedicated to their roles. Your company owns a unique mix of skills which appeal to hospitality and non hospitality companies who like the constant innovation approach that they deliver. I am delighted to announce that your company has been awarded the Bronze standard for Investors in People after a successful recent assessment .

With the recent changes in recruitment and the need to hire semi skilled workers there is a growing need for strategic staff development programmes which your company can deliver. In addition to these, your company now offers one stop shop for employers who require a mix of ministry funded training , fast track private training and direct recruitment.

It is our sincere intention to act as a key facilitator at this critical juncture to meet the nation's 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

NATIONAL HOSPITALITY INSTITUTE SAOG
(A subsidiary of Renaissance Services SAOG)
INTERIM REPORT FOR THE PERIOD ENDED 30TH JUNE 2012

Unaudited balance sheet as at
30th June 2012

	Notes	6 months ended 30th June 2012 Amount Rials '000	6 months ended 30th June 2011 Amount Rials '000
Fixed assets		56	74
Intangible Assets		-	-
Long Term Investments		-	-
		<u>56</u>	<u>74</u>
Current assets			
Inventories	1	-	-
Trade Receivables & Prepayments	2&9	534	383
Receivables from Related parties		67	109
Investments	4	-	-
Bank and cash		12	51
Other assets		-	-
		<u>613</u>	<u>543</u>
Current assets		<u>613</u>	<u>543</u>
Total assets		<u>669</u>	<u>617</u>
Current liabilities			
Trade Creditors		24	13
Accruals and other creditors		23	23
Payable to related parties		8	6
Dividend payable		-	-
Tax Payable		-	-
Bank loans and overdrafts	3	-	-
		<u>55</u>	<u>42</u>
Current liabilities		<u>55</u>	<u>42</u>
Long term liabilities			
Bank loans	3	-	-
Staff terminal benefits		77	68
		<u>77</u>	<u>68</u>
Total Liabilities		<u>132</u>	<u>110</u>
Net assets	TOTAL -A	<u>537</u>	<u>507</u>
Shareholders' funds			
Share capital		500	500
Legal reserve		121	121
General Reserve		-	-
Exchange Reserve		3	4
Profit and loss account-b/f		(104)	(47)
Profit for the period		17	(71)
	TOTAL-B	<u>537</u>	<u>507</u>

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Unaudited income statement
for the three months period ended
30th June 2012

	Notes	6 months ended 30th June 2012 Amount Rials '000	6 months ended 30th June 2011 Amount Rials '000
Turnover/Revenue		427	287
Cost of sales		(267)	(216)
Depreciation - cost of sales		(14)	(12)
Gross profit		146	59
Depreciation		(2)	(2)
Administration & general expenses		(137)	(139)
Operating profit / (Loss)		7	(82)
Finance income (charges)		-	-
Other income		10	11
Investment income	5	-	-
Profit / (Loss) before taxation and minority interests		17	(71)
Taxation		-	-
Profit / (Loss) for the period		17	(71)
Minority Interest		-	-
Net profit / (Loss) attributable to Ordinary Shareholders		17	(71)
Dividend per share		-	-
Net profit / (Loss) margin-%		4%	-25%

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**Unaudited statement of cash flows
for the three months period ended
30th June 2012**

	6 months ended 30th June 2012 Amount Rials '000	6 months ended 30th June 2011 Amount Rials '000
Cash from operations	(84)	5
Tax paid	-	-
Interest received /(paid)	-	-
Net cash from / (used in) operating activities	(84)	5
Net cash used in investing activities	2	(11)
Net cash from (used in) financing activities	50	(100)
Net increase / (decrease) in cash /cash equivalents	(32)	(106)
Cash and cash equivalents brought forward	44	157
Cash and cash equivalents carried forward	12	51

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Unaudited statement of changes in equity for the three months period ended 30th June 2012	<u>Share Capital</u>	<u>Reserves</u>	<u>Proposed Distribution</u>	<u>Retained earnings</u>	<u>Exchange Reserve</u>	Amount Rials '000 <u>Total</u>
1 January 2012	500	121	-	(104)	3	520
Exchange rate difference					-	-
Net profit for the period	-	-		17		17
Dividend payable						-
30th June 2012	500	121	-	(87)	3	537
1 January 2011	500	121	-	(47)	4	578
Exchange rate difference	-	-	-	-	-	-
Net loss for the period	-	-	-	(71)		(71)
Dividend payable	-	-	-	-		-
30th June 2011	500	121	-	(118)	4	507
	-	-	-	-	-	-

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Notes

1. Inventories

Inventories can be analysed as follows:

	6 months ended 30th June 2012 Amount Rials '000	6 months ended 30th June 2011 Amount Rials '000
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NOT APPLICABLE

2. Trade receivables and prepayments

Trade receivables & prepayments can be analysed as follows

	6 months ended 30th June 2012 Amount Rials '000	6 months ended 30th June 2011 Amount Rials '000
Trade receivables	512	366
less:- Provision	(11)	(21)
Prepayments	33	38
Less: Provisions	-	-
	534	383

3. Bank loans and overdrafts

These can be analysed as follows:

	6 months ended 30th June 2012 Amount Rials '000	6 months ended 30th June 2011 Amount Rials '000
Bank loans	-	-
Overdrafts	-	-
Current maturities of bank loans & bank overdrafts	-	-
Long term element of bank of loans	-	-

The bank overdraft facilities bear interest at the rate ranging between 7% to 8% per annum.

The maturity of the bank loans:

	6 months ended 30th June 2012 Amount Rials '000	6 months ended 30th June 2011 Amount Rials '000
Due within one year	-	-
Due after more than 1 year	-	-
	-	-

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4. Investments in associates and subsidiaries

Associates

Investments in Associates are accounted for using the equity method.
The Associates of National Hospitality Institute SAOG are as follows :

Company	30th June 2012 Holding %	30th June 2011 Holding %
	NOT APPLICABLE	

During the period Nil shares were sold for Rial Nil per share resulting in a profit of Rial Nil on disposal.

During the period, Nil shares were purchased for Rial Nil per share.

Subsidiaries

Investments in subsidiaries are accounted for using the equity method.
The subsidiaries of National Hospitality Institute SAOG are as follows:

Company	30th June 2012 Holding %	30th June 2011 Holding %
Nakshatra Hospitality India Pvt Ltd	100	100

During the period Nil shares were sold for Rial Nil per share resulting in a profit of Rial Nil on disposal
During the period, Nil shares were purchased for Rial Nil per share.

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5. Investments

Investments include all long term and short term investments of the company, excluding only those associates and subsidiaries listed in Note.5. Marketable Securities are carried at their open market value.

Unquoted and other investments are carried at cost adjusted for any permanent diminutions in value.

Investments can be analysed as follows:

	Market Value	Market Value	Book Value	Book Value
	6 months ended	6 months ended	6 months ended	6 months ended
	30th June 2012	30th June 2011	30th June 2012	30th June 2011
	Amount	Amount	Amount	Amount
	Rials '000	Rials '000	Rials '000	Rials '000
Marketable securities				
Banking				
Investments				
Insurance				
Services				
Industrial				
Government Bonds				
others				
	NOT APPLICABLE			
Marketable securities-Foreign				
Banking				
Investments				
Industrial				
Bonds				
	NOT APPLICABLE			
Unquoted and other investments				
Unquoted omani shares				
Investment fund units				
Term deposits				
Unquoted foreign shares				
others				
	NOT APPLICABLE			

5a. Investment income (continued)

Realised

Realised investment income represents dividends, 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

	6 months ended	6 months ended
	30th June 2012	30th June 2011
	Amount	Amount
	Rials '000	Rials '000
Realised	-	-
Unrealised	-	-
Dividends	-	-
Interest on Term deposit & Bonds	-	-
	-	-

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6. Details of significant Investments

Details of all the reporting companies investment including Associates/Subsidiaries for which either the reporting companies holding represents 10% or more of the issuer share capital or the reporting companies holding exceeds 10% of the market value of the reporting companies investment portfolio are provided as follows as of 30th June 2012

	Holding %	No. of Securities	Market Value	Book Value	Cost
MSM Quoted Securities			NOT APPLICABLE		
Foreign Listed Securities			NOT APPLICABLE		
Market value as of 30th June 2012					
	Holding %			Book Value	Cost
MSM Unquoted Securities				NOT APPLICABLE	
Foreign Unlisted Securities				NOT APPLICABLE	
Total as of 30th June 2012					

7. Related parties & holders of 10% of company shares.

Holders of 10% or more of the company shares may include companies, individual, or families. Families are included if the shares of the family members total 10% or more of the companies shares. Members of the family of an individuals are those that may be expected to influence, or be influenced by, that person in their dealings with the company.

The nature of significant transactions involving related parties or holders of 10% or more of the companies shares or their family members and the amounts involved during the period were as follows:

Income items

	6 months ended 30th June 2012 Rials '000	6 months ended 30th June 2011 Rials '000
Services rendered	29	7

Expense Items

Items of expense which were paid to related parties or holders of 10% or more of the companies shares or their family members and the amounts involved during the period were as follows:

	6 months ended 30th June 2012 Rials '000	6 months ended 30th June 2011 Rials '000
Management fees	13	13
Services availed	5	9
Interest expense	-	-

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8a.Loans, Advances, Receivables due, Provisions & write offs

Loans, advances or receivables due from related parties or holders of 10% or more of the companies shares or their family member minus all provisions and writeoffs which have been made on these accounts at any time, are further analysed as follows:

	6 months ended	6 months ended
	30th June 2012	30th June 2011
	Rials '000	Rials '000
Receivable from related parties	67	109

9. Provisions

Changes to the level of provisions during the period can be analysed as follows.

Provisions for :	Adv & Receivables & Prepayments	Value of Investments	Others	Total Rials '000
Beginning balance of Provision	(6)	-	-	(6)
Provided during the period	(5)	-	-	(5)
(Released)during the period	-	-	-	-
(Written off)during the period	-	-	-	-
Provision balance as of 30th June 2012	(11)	-	-	(11)

The book value of assets before and after provision can be shown as follows:

Book value of Assets:	Adv & Receivables & Prepayments	Value of Investments	Others	Total Rials '000
Value of assets before provision	545	-	-	545
Provision balance as of 30th June 2012	(11)	-	-	(11)
Book value of assets as of 30th June 2012	534	-	-	534

10. Shareholders

The authorised and issued share capital is 1,000,000 shares of Rial 1 each. At the balance sheet date 50% of the issued capital was paid up.

All the shareholders of the company who own 10% or more of the company's shares and the number of shares they hold are as follows :-

	6 months ended	6 months ended
	30th June 2012	30th June 2011
	No of shares	No of shares
Common Share holders:		
Renaissance Services SAOG	455	455
W J Towell & Co LLC	200	200
Preferred Shareholders:		
Nil		
	655	655