

## **Chairman's Report 1<sup>st</sup> quarter 2012**

Dear Shareholders,

On behalf of the Board of Directors of National Hospitality Institute SAOG ("NHI"), I am pleased to present to you the 1<sup>st</sup> quarter report and unaudited financial statements for the 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2012

### **Financial Performance**

The company has returned to profit by posting a consolidated net profit of RO 14k for the 1<sup>st</sup> quarter from revenue of RO 200k as against net loss of RO 11k and revenue of RO 150k in previous year. The revenues are 33% higher than last year. The new increased stipend payments to students have now started to be paid and in the 1<sup>st</sup> quarter they have an impact of increasing sales by RO19K 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 cash payments.

I am pleased to announce that the Ministry of Housing has provided land to your company in the Mabella area and that plans for development are ongoing.

### **Environment**

This quarter has seen your company starting 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 which has allowed us to recruit students quicker than last 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. Your company is also encouraging local employers to improve the appeal of the hospitality industry and to proactively sell their jobs and opportunities to young people.

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.

## **Diversification**

Your company continues to diversify its customer base and appeal to a broader range of clients. This quarter saw the launch of Smiles of Oman. This is 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.

## **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. 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**  
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**INTERIM REPORT FOR THE PERIOD ENDED 31ST MARCH 2012**

Unaudited balance sheet as at  
31st March 2012

	Notes	3 months ended 31st March 2012 Amount Rials '000	3 months ended 31st March 2011 Amount Rials '000
<b>Fixed assets</b>		58	80
<b>Intangible Assets</b>			
<b>Long Term Investments</b>		<u>58</u>	<u>80</u>
<b>Current assets</b>			
Inventories	1		
Trade Receivables & Prepayments	2&9	523	481
Receivables from Related parties		70	112
Investments	4	-	-
Bank and cash		18	22
Other assets			
<b>Current assets</b>		<u>611</u>	<u>615</u>
<b>Total assets</b>		<u>669</u>	<u>695</u>
<b>Current liabilities</b>			
Trade Creditors		19	26
Accruals and other creditors		38	29
Payable to related parties	09	4	9
Dividend payable			
Tax Payable			
Bank loans and overdrafts	3		
<b>Current liabilities</b>		<u>61</u>	<u>64</u>
<b>Long term liabilities</b>			
Bank loans	3		
Staff terminal benefits		74	65
<b>Total Liabilities</b>		<u>74</u>	<u>65</u>
<b>Total Liabilities</b>		<u>135</u>	<u>129</u>
<b>Net assets</b>	<b>TOTAL -A</b>	<u>534</u>	<u>566</u>
<b>Shareholders' funds</b>			
Share capital		500	500
Legal reserve		121	121
General Reserve			
Exchange Reserve		3	3
Profit and loss account-b/f		(104)	(47)
Profit for the period		14	(11)
<b>TOTAL-B</b>		<u>534</u>	<u>566</u>

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**Unaudited income statement**  
**for the three months period ended**  
**31st March 2012**

		Notes	<b>3 months ended</b> <b>31st March 2012</b> <b>Amount</b> <b>Rials '000</b>	<b>3 months ended</b> <b>31st March 2011</b> <b>Amount</b> <b>Rials '000</b>
<b>Turnover/Revenue</b>			<b>200</b>	150
Cost of sales			<b>(119)</b>	(108)
Depreciation - cost of sales			<b>(7)</b>	(6)
<b>Gross profit</b>	<b>653,350</b>	<b>3</b>	<b>74</b>	<b>36</b>
Depreciation	( 33,630)	(3)	<b>(1)</b>	(1)
Administration & general expenses			<b>(63)</b>	(57)
<b>Operating profit / (Loss)</b>			<b>10</b>	<b>(22)</b>
Finance income (charges)			-	-
Other income			<b>4</b>	11
Investment income	-	5	-	-
<b>Profit / (Loss) before taxation and minority interests</b>			<b>14</b>	<b>(11)</b>
Taxation	-	-	-	-
<b>Profit / (Loss) for the period</b>			<b>14</b>	<b>(11)</b>
Minority Interest			-	-
<b>Net profit / (Loss) attributable to Ordinary Shareholders</b>			<b>14</b>	<b>(11)</b>
<b>Dividend per share</b>			-	-
<b>Net profit / (Loss) margin-%</b>			<b>7%</b>	<b>-7%</b>

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Unaudited statement of cash flows  
for the three months period ended  
31st March 2012

	<b>3 months ended 31st March 2012 Amount Rials '000</b>	<b>3 months ended 31st March 2011 Amount Rials '000</b>
<b>Cash from operations</b>	(77)	(25)
Tax paid		
Interest received /(paid)		
<b>Net cash from / (used in) operating activities</b>	<u>(77)</u>	<u>(25)</u>
<b>Net cash used in investing activities</b>	1	(10)
<b>Net cash from (used in) financing activities</b>	50	(100)
<b>Net increase / (decrease) in cash /cash equivalents</b>	<u>(26)</u>	<u>(135)</u>
Cash and cash equivalents brought forward	44	157
<b>Cash and cash equivalents carried forward</b>	<u>18</u>	<u>22</u>

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Unaudited statement of changes in equity for the three months period ended 31st March 2012	<u>Share Capital</u>	<u>Reserves</u>	<u>Proposed Distribution</u>	<u>Retained earnings</u>	<u>Exchange Reserve</u>	Amount Rials '000
<b>1 January 2012</b>	<b>500</b>	<b>121</b>		<b>(104)</b>		<b>519</b>
Exchange rate difference						1
Net profit for the period				<b>14</b>		<b>14</b>
Dividend payable						
<b>31st March 2012</b>	<b>500</b>	<b>121</b>		<b>(90)</b>	<b>3</b>	<b>534</b>
1 January 2011	500	121		(47)	3	577
Exchange rate difference						
Net loss for the period				(11)		(11)
Dividend payable						
31st March 2011	500	121		(58)	3	566

**NATIONAL HOSPITALITY INSTITUTE SAOG**  
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**Notes**

**1. Inventories**

Inventories can be analysed as follows:

<b>3 months ended</b>	<b>3 months ended</b>
<b>31st March 2012</b>	<b>31st March 2011</b>
<b>Amount</b>	<b>Amount</b>
<b>Rials '000</b>	<b>Rials '000</b>

NOT APPLICABLE

**2. Trade receivables and prepayments**

Trade receivables & prepayments can be analysed as follows

	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31st March 2012</b>	<b>31st March 2011</b>
	<b>Amount</b>	<b>Amount</b>
	<b>Rials '000</b>	<b>Rials '000</b>
Trade receivables	487	430
less:- Provision	(8)	(2)
Prepayments	44	53
Less: Provisions		
	523	481

**3. Bank loans and overdrafts**

These can be analysed as follows:

<b>3 months ended</b>	<b>3 months ended</b>
<b>31st March 2012</b>	<b>31st March 2011</b>
<b>Amount</b>	<b>Amount</b>
<b>Rials '000</b>	<b>Rials '000</b>

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:

<b>3 months ended</b>	<b>3 months ended</b>
<b>31st March 2012</b>	<b>31st March 2011</b>
<b>Amount</b>	<b>Amount</b>
<b>Rials '000</b>	<b>Rials '000</b>

Due within one year

Due after more than 1 year

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**Notes**

**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	31st March 2012 Holding %	31st March 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	31st March 2012 Holding %	31st March 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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**Notes**

**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:

	<b>Market Value</b> <b>3 months ended</b> <b>31st March 2012</b> <b>Amount</b> <b>Rials '000</b>	Market Value 3 months ended 31st March 2011 Amount Rials '000	<b>Book Value</b> <b>3 months ended</b> <b>31st March 2012</b> <b>Amount</b> <b>Rials '000</b>	Book Value 3 months ended 31st March 2011 Amount Rials '000
Marketable securities				
Banking				
Investments				
Insurance				
Services		NOT APPLICABLE		
Industrial				
Government Bonds				
others				
Marketable securities-Foreign				
Banking				
Investments		NOT APPLICABLE		
Industrial				
Bonds				

**Unquoted and other investments**

Unquoted omani shares				
Investment fund units				
Term deposits		NOT APPLICABLE		
Unquoted foreign shares				
others				

**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.

	<b>3 months ended</b> <b>31st March 2012</b> <b>Amount</b> <b>Rials '000</b>	3 months ended 31st March 2011 Amount Rials '000
Investment income can be analysed as follows		
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 31st March 2012

	Holding %	No. of Securities	Market Value
<b>MSM Quoted Securities</b>			NOT APPLICABLE

<b>Foreign Listed Securities</b>			NOT APPLICABLE
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Market value as of 31st March 2012

	Holding %	
<b>MSM Unquoted Securities</b>		NOT APPLICABLE

<b>Foreign Unlisted Securities</b>		NOT APPLICABLE
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Total as of 31st March 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 individual 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:

<b>Income items</b>	<b>3 months ended 31st March 2012 Rials '000</b>	<b>3 months ended 31st March 2011 Rials '000</b>
Services rendered	18	1

**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:

	<b>3 months ended 31st March 2012 Rials '000</b>	<b>3 months ended 31st March 2011 Rials '000</b>
Management fees	7	7
Services availed	3	6
Interest expense	-	-

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**Notes**

**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:

	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31st March 2012</b>	<b>31st March 2011</b>
	<b>Rials '000</b>	<b>Rials '000</b>
Receivable from related parties	50	100

**9. Provisions**

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

<b>Provisions for :</b>	<b>Adv &amp; Receivables</b>	<b>Value of</b>	<b>Others</b>	<b>Total</b>
		<b>Investments</b>		<b>Rials '000</b>
Beginning balance of Provision	6	-	-	6
Provided during the period	2	-	-	2
(Released) during the period	-	-	-	-
(Written off) during the period	-	-	-	-
<b>Provision balance as of 31st March 2012</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>8</b>

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

<b>Book value of Assets:</b>	<b>Adv &amp; Receivables</b>	<b>Value of</b>	<b>Others</b>	<b>Total</b>
	<b>&amp; Prepayments</b>	<b>Investments</b>		<b>Rials '000</b>
Value of assets before provision	487	-	-	487
<b>Provision balance as of 31st March 2012</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>(8)</b>
<b>Book value of assets as of 31st March 2012</b>	<b>479</b>	<b>-</b>	<b>-</b>	<b>479</b>

**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 :-

	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31st March 2012</b>	<b>31st March 2011</b>
	<b>No of shares</b>	<b>No of shares</b>
<b>Common Share holders:</b>		
Renaissance Services SAOG	455	455
W J Towell & Co LLC	200	200
<b>Preferred Shareholders:</b>		
Nil	655	655