

## **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 1<sup>st</sup> quarter ended 31st March 2011.

### **Financial Performance**

The company has posted a consolidated net loss of Rials 11k for the period from revenue of Rials 150k as against net loss of Rials 59k and revenue of Rials 143k in previous year. The revenues are 5% higher than 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**

In my 2010 first quarter report to shareholders I detailed the challenges being faced by NHI and highlighted several areas of concern on our facility to submit invoices for business already carried out, delayed payments and the ability to secure new business. That full statement of the crisis facing the company may still be viewed on our website [www.nhioman.com](http://www.nhioman.com) under Q1 Chairman's Statement. Whilst it is of some consolation to report an improvement in the unbilled and paid business, there are still outstanding amounts of which we are in discussions with the relevant Ministry.

In brief the issues may be re-summarised as follows:

The priority of Omanisation has been clearly laid out in the inspiring speeches of His Majesty Sultan Qaboos. The Government has made the development of Omani human resources a cornerstone of the 20/20 vision and strategy. All the concerned ministries and authorities, in partnership with the private sector, have allocated resources to this end,

Reading this in the context of His Majesty's recent directive to employ 50,000 Omanis (35,000 of which will find places in the public sector) the private sector has a significant challenge ahead. At NHI we will be working closely with Renaissance Services (our largest shareholder) following their announcement to employ 500 Omanis. We are working with them to assist in the preparation and training of candidates where necessary. Also we will be putting our services at the disposal of the Ministry of Manpower, to source interview, select, and train Omanis in the hospitality sector, a sector which will always be an important contributor to employment in the Sultanate. We are in possession of an important database of relevant information on vacancies in our sector and are in a prime position to match these vacancies with potential candidates, this can be done through the Government's subsidized training channel, or in direct agreements with private sector companies who are prepared to invest in placing young

Omanis in jobs in this promising sector.

The hospitality and tourism industry is one of the model examples of successful Omanisation and NHI, in partnership with the Ministry of Manpower, has been at the forefront of that success. We are proud to say that the vast majority of the excellent Omani employees seen working in the hospitality and tourism sector, both at home and abroad, are NHI alumni. NHI shares the credit for this with the alumni themselves, the employers, and the government, which funds the training.

### **What were the objectives?**

The Board had set a number of priorities to overcome the crisis in co-operative dialogue with the concerned Government departments:

- Secure immediate payment to NHI of all outstanding debt, for all work successfully completed;
- Encourage change of the chronic processes for trainee allocation and payment;
- Quantify and confirm the scale of opportunity for Omanisation in the industry;
- Secure capacity trainee allocation that supports the supply and demand ratios of willing Omani jobseekers and employers;
- Request removal of any perceived conflict of interest between Government operated and private sector training providers.

These matters continue to stymie NHI's progress in training students under the government subsidy program, however the management of the company, under instructions from its board have been making good progress diversifying away from government subsidised training . This mix of diversified training grew by 44% in 2010 over 2009.and has grown by a further 10% in the first quarter of 2011. This new business has come from developing new innovative products and targeting new customers from non hospitality companies who see your company as an ideal resource to improve their own services.This is an indication of the managements ability to re position itself as a service provider to a much wider market than it did previously.

### **What is the progress to date?**

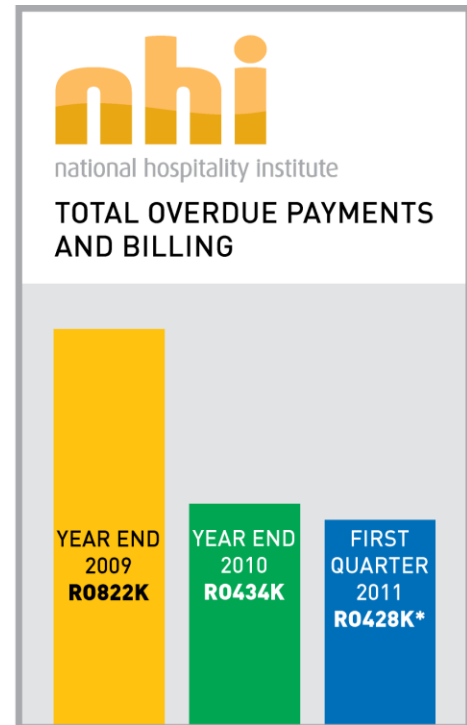
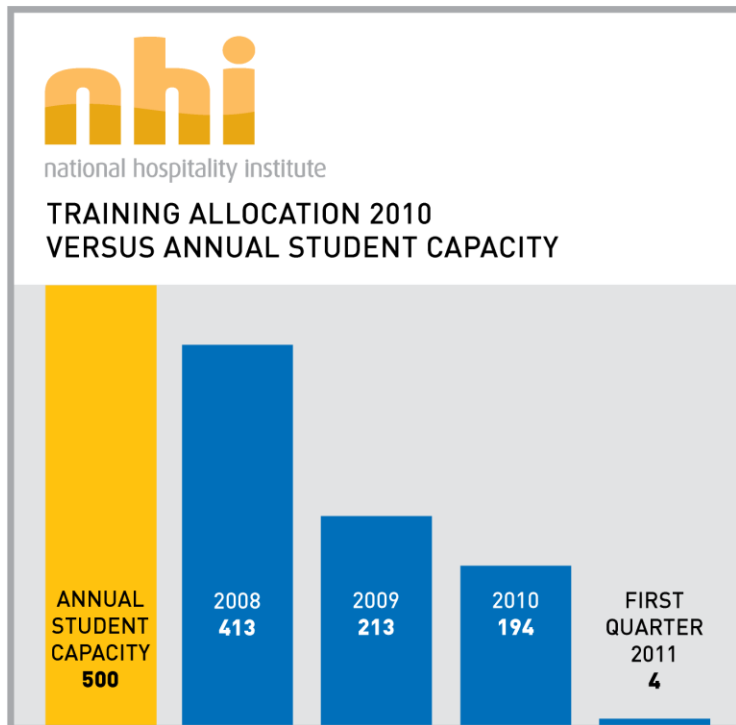
On supply and demand, using government data concerning the industry, it is clear that 2,600 new trainees need to be trained every year to meet the growth of the sector.

While we are grateful for the assurances we have been given and we appreciate some progress to date ,there is a need for urgent further progress in getting NHI fully paid up to date and getting NHI training capacity filled. We are relentlessly following up these matters with the concerned authorities and had planned to put the matter to rest after

by Q1, 2011. However under the current changes we recognise that the Ministry of Manpower has several challenges to address and we look forward to working with them to develop solutions.

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



\* First Quarter 2011 figure includes R0269 from pre 2010.

**UNAUDITED FINANCIAL RESULTS**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31<sup>ST</sup> MARCH 2011**

	<u>2011</u> <u>Rial'000</u>	<u>2010</u> <u>Rial'000</u>
<b>Non-current assets</b>		
Tangible fixed assets	80	101
	<hr/> 80	<hr/> 101
<b>Current assets</b>	615	977
<b>Current liabilities</b>	(64)	(301)
<b>Net-current assets</b>	<hr/> 551	<hr/> 676
	<hr/> 631	<hr/> 777
<b>Non Current liabilities</b>	(65)	(73)
<b>Net assets</b>	<hr/> 566	<hr/> 704
<b><u>Shareholders' fund</u></b>		
Share capital	500	500
Reserves	124	125
Retained earnings	(58)	79
<b>Total</b>	<hr/> 566	<hr/> 704
	<hr/> <hr/>	<hr/> <hr/>

UNAUDITED FINANCIAL RESULTS

**CONSOLIDATED STATEMENT OF INCOME  
FOR THE THREE MONTHS ENDED 31<sup>st</sup> MARCH 2011**

	<u>2011</u> <u>Rial '000</u>	<u>2010</u> <u>Rial'000</u>
Revenue	161	146
Operating expenses	(114)	(138)
Administrative expenses	(58)	(66)
<b>Operating profit / (Loss) before finance income</b>	<b>(11)</b>	<b>(58)</b>
Net finance charge	-	(1)
<b>Net profit / (Loss) before income tax</b>	<b>(11)</b>	<b>(59)</b>
Income tax	-	-
<b>Net profit / (Loss)</b>	<b>(11)</b>	<b>(59)</b>

- 1) The complete accounts will be sent by mail to any shareholder, who requests them either in Arabic or English, within 7 days of receipt of such request.
- 2) The address to which the shareholder should send his request is as follows: -

National Hospitality Institute SAOG  
 P O Box 854, Hamriya PC 131, Sultanate of Oman