

NHI Chairman's Report 3rdquarter 2013

Dear Shareholders,

On behalf of the Board of Directors of National Hospitality Institute SAOG ("NHI"), I present to you the unaudited financial statements for the 3rd quarter ended 30th September 2013.

Financial Performance

The company has posted a consolidated loss of RO23 k for the period from the revenues of RO482k as against a loss of RO20 k and revenue of RO623k for the same period in the previous year. This is partly due to under capacity in our government funded training programmes caused by difficulties in sourcing students to fill employment demands. In addition to this we have not achieved our targets on the private revenues.

Environment

This quarter has seen an even greater increase in demand for Omanis to be trained for the hospitality and travel industry in Oman. We currently have job requirements from the Hospitality and travel industry. Despite a challenge in the first half year to find students we have seen a better response to our advertising. In addition to this we have continued to proactively visit the interior regions and speak directly to prospective students and their families. Those interested are asked to come to Muscat where they can be assessed and interviewed by companies who will offer them employment after they have completed their training at NHI. On the private revenue, whilst we have increased sales for some courses over the last year, some other courses have come in below budget, however we are pleased to report the signing of several agreements with the Royal Office to train their personnel.

There is still a severe shortage of Omanis in the local hospitality industry and your company is working closely with employers to find solutions. We have recently signed an agreement with the IHG chain of hotels to work together on the development of people for the hospitality industry in Oman. Your company has been innovative in designing different methods of recruitment and training to allow the flexibility required by this sector. In addition to school leavers your company is promoting courses for those people already in work who need to upgrade their skills to allow them to move on with their careers. Part time courses and distance learning programmes have been designed to assist.

Whereas the Ministry of Manpower, individuals and companies are key customers, we have also proactively approached several corporate entities 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.

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 a one stop shop for employers who require a mix of ministry funded training ,fast track private training and direct recruitment. We believe that this will put us back on the path to profitability.

Despite the financial difficulties there have been over the last few years there is no doubt that your companies resources are exactly what are required to address the current drive to increase the number of Omanis working in the private sector and in particular the hospitality sector which is showing year on year growth. The quality, professionalism and work ethic that is instilled in the students is invaluable .

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 SEPTEMBER 2013

Unaudited summary of performance

	9 months ended 30th September 2013	9 months ended 30th September 2012
	Amount Rials '000	Amount Rials '000
Total assets	570	630
Total liabilities	128	130
Net assets	442	500
Net assets per share (Rials)	0.442	0.500
Current ratio	11.191	11.660
	9 months ended 30th September 2013	9 months ended 30th September 2012
	Amount Rials '000	Amount Rials '000
Gross profit	137	170
Gross profit margin %	29%	28%
Net profit / (loss)	(23)	(20)
Earnings per share (Rials)	(0.023)	(0.020)

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Unaudited balance sheet as at
30th September 2013

	Notes	9 months ended 30th September 2013 Amount Rials '000	9 months ended 30th September 2012 Amount Rials '000
Fixed assets		<u>44</u>	<u>47</u>
Current assets		<u>44</u>	<u>47</u>
Inventories	1	-	-
Trade Receivables & Prepayments	2&9	330	467
Receivables from Related parties		155	63
Investments	4	-	-
Bank and cash		41	53
Other assets		-	-
Current assets		<u>526</u>	<u>583</u>
Total assets		<u>570</u>	<u>630</u>
Current liabilities		<u>8</u>	<u>12</u>
Trade Creditors		34	31
Accruals and other creditors		5	7
Payable to related parties		-	-
Bank loans and overdrafts	3	-	-
Current liabilities		<u>47</u>	<u>50</u>
Long term liabilities		<u>-</u>	<u>-</u>
Bank loans	3	-	-
Staff terminal benefits		81	80
Total Liabilities		<u>81</u>	<u>80</u>
		<u>128</u>	<u>130</u>
Net assets	TOTAL -A	<u>442</u>	<u>500</u>
Shareholders' funds			
Share capital		500	500
Legal reserve		121	121
Exchange Reserve		-	3
Profit and loss account-b/f		(156)	(104)
Profit for the period		(23)	(20)
TOTAL-B		<u>442</u>	<u>500</u>

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Unaudited income statement
for the nine months period ended
30th September 2013

	Notes	9 months ended 30th September 2013 Amount Rials '000	9 months ended 30th September 2012 Amount Rials '000
Turnover/Revenue		471	607
Cost of sales		(320)	(416)
Depreciation - cost of sales		(14)	(21)
Gross profit		<u>137</u>	<u>170</u>
Depreciation		(1)	(3)
Administration & general expenses		(170)	(203)
Operating profit / (Loss)		<u>(34)</u>	<u>(36)</u>
Finance income (charges)		-	-
Other income		11	16
Investment income	5	-	-
Profit / (Loss) before taxation and minority interests		<u>(23)</u>	<u>(20)</u>
Taxation		-	-
Profit / (Loss) for the period		<u>(23)</u>	<u>(20)</u>
Minority Interest		-	-
Net profit / (Loss) attributable to Ordinary Shareholders		<u>(23)</u>	<u>(20)</u>
Dividend per share		-	-
Net profit / (Loss) margin-%		-5%	-3%

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Unaudited statement of cash flows
for the nine months period ended
30th September 2013

	9 months ended 30th September 2013 Amount Rials '000	9 months ended 30th September 2012 Amount Rials '000
Cash from operations	81	(34)
Tax paid	-	-
Interest received /(paid)	-	-
Net cash from / (used in) operating activities	81	(34)
Net cash used in investing activities	(12)	(7)
Net cash from (used in) financing activities	(100)	50
Net increase / (decrease) in cash /cash equivalents	(31)	9
Cash and cash equivalents brought forward	72	44
Cash and cash equivalents carried forward	41	53

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Unaudited statement of changes in equity for the nine months period ended 30th September 2013	<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 2013	500	121	-	(156)		465 -
Net profit/(loss) for the period	-	-		(23)		(23)
30th September 2013	500	121	-	(179)	-	442 -
1 January 2012	500	121	-	(104)	3	520 -
Net profit/(loss) for the period	-	-	-	(20)		(20)
30th September 2012	500	121	-	(124)	3	500 -

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Notes

1. Inventories

Inventories can be analysed as follows:

	9 months ended 30th September 2013	9 months ended 30th September 2012
	Amount	Amount
	Rials '000	Rials '000

NOT APPLICABLE

2. Trade receivables and prepayments

Trade receivables & prepayments can be analysed as follows

	9 months ended 30th September 2013	9 months ended 30th September 2012
	Amount	Amount
	Rials '000	Rials '000
Trade receivables	319	455
less:- Provision	(6)	(10)
Prepayments	17	22
Less: Provisions	-	-
	330	467

3. Bank loans and overdrafts

These can be analysed as follows:

	9 months ended 30th September 2013	9 months ended 30th September 2012
	Amount	Amount
	Rials '000	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:

	9 months ended 30th September 2013	9 months ended 30th September 2012
	Amount	Amount
	Rials '000	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 :

	30th September 2013	30th September 2012
Company	Holding	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:

	30th September 2013	30th September 2012
Company	Holding	Holding
	%	%
Nakshatra Hospitality India Pvt Ltd	-	100

NHIPL was dissolved in December 2012.

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 9 months ended 30th September 2013 Amount Rials '000	Market Value 9 months ended 30th September 2012 Amount Rials '000	Book Value 9 months ended 30th September 2013 Amount Rials '000	Book Value 9 months ended 30th September 2012 Amount Rials '000
Marketable securities				
Banking				
Investments				
Insurance				
Services		NOT APPLICABLE		
Industrial				
Government Bonds				
others				
<hr/>				
Marketable securities-Foreign				
Banking				
Investments			NOT APPLICABLE	
Industrial				
Bonds				
<hr/>				
Unquoted and other investments				
Unquoted omani shares				
Investment fund units				
Term deposits			NOT APPLICABLE	
Unquoted foreign shares				
others				
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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

	9 months ended 30th September 2013 Amount Rials '000	9 months ended 30th September 2012 Amount Rials '000
Realised	-	-
Unrealised	-	-
Dividends	-	-
Interest on Term deposit & Bonds	-	-
	<hr/>	<hr/>
	-	-

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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 September 2013

	Holding %	No. of Securities	Market Value	Book Value	Cost
MSM Quoted Securities					
			NOT APPLICABLE		
Foreign Listed Securities					
			NOT APPLICABLE		
Market value as of 30th September 2013					
MSM Unquoted Securities					
				NOT APPLICABLE	
Foreign Unlisted Securities					
				NOT APPLICABLE	
Total as of 30th September 2013					

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

	9 months ended 30th September 2013 Rials '000	9 months ended 30th September 2012 Rials '000
Interest received	-	-
Services rendered	2	39

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:

	9 months ended 30th September 2013 Rials '000	9 months ended 30th September 2012 Rials '000
Management fees	20	20
Services availed	6	5

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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:

	9 months ended 30th September 2013	9 months ended 30th September 2012
	Rials '000	Rials '000
Receivable from related parties	154	52

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	(4)	-	-	(4)
Provided during the period	(2)	-	-	(2)
(Released)during the period	-	-	-	-
(Written off)during the period	-	-	-	-
Provision balance as of 30th September 2013	(6)	-	-	(6)

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	336	-	-	336
Provision balance as of 30th September 2013	(6)	-	-	(6)
Book value of assets as of 30th September 2013	330	-	-	330

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 :-

	9 months ended 30th September 2013	9 months ended 30th September 2012
	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