

FINANCIAL STATEMENT

ACTIVITIES

National Hotels Company B.S.C. ("the Company") is a public joint stock company incorporated in the Kingdom of Bahrain and registered with the Ministry of Commerce under commercial registration (CR) number 1665. The postal address of the Company's registered head office is at P.O. Box: 5243, Manama, Kingdom of Bahrain. The Company owns the Diplomat Radisson SAS Hotel, which is managed by Rezidor SAS.

ACCOUNTING POLICIES

The interim condensed financial statements of the Company are prepared in conformity with International Accounting Standard 34, "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2003.

COMMITMENTS AND CONTINGENT LIABILITIES

	<i>Unaudited 30 June 2004 BD</i>	<i>Audited 31 December 2003 BD</i>
Guarantee in respect of room rate agreement	50,000	50,000
Letters of Credit	-	30,000
Commitments in respect of capital expenditure, authorised and put out to tender:		
Serviced apartments	5,811,579	5,971,898
Refurbishment programme	115,244	309,085
	5,926,823	6,280,983

BALANCE SHEET

	<i>Unaudited</i> 30 June 2004 BD	<i>Audited</i> 31 December 2003 BD
ASSETS		
Non-current assets		
Property, plant and equipment	21,505,706	21,514,254
Investment in an associate	393,018	331,604
Goodwill	304,022	327,408
Available-for-sale investments	4,768,091	4,351,213
	<hr/> 26,970,837	<hr/> 26,524,479
Current Assets		
Inventories	151,502	

STATEMENT OF INCOME

	<i>Six months period ended</i>	
	30 June 2004 BD	30 June 2003 BD
Gross operating revenue	3,045,420	2,360,588
Gross operating cost	(1,833,529)	(1,582,950)
GROSS OPERATING PROFIT	1,211,891	777,638
Depreciation	(519,512)	(425,696)
General and administration expenses	(117,651)	(113,311)
PROFIT FROM OPERATIONS	574,728	238,631
Loss on disposal of property, plant and equipment	-	(59,572)
Write-off of property, plant and equipment	(1,108)	(9,317)
Share of income from an associate	161,414	121,728
Amortization of goodwill	(23,386)	(23,387)
Other income	174,437	134,746
NET PROFIT FOR THE PERIOD	886,085	402,829
Earnings per share (in fils)	8.95	4.07

CASHFLOW

Six months period ended

	30 June 2004 BD	30 June 2003 BD
OPERATING ACTIVITIES		
Net Profit for the period	886,085	402,829
Adjustments for:		
Depreciation	519,512	425,696
Share of income from an associate	(161,414)	(121,728)
Amortization of goodwill	23,386	23,387
Provision for employees' end of service benefits	21,153	17,218
Loss on disposal of property, plant and equipment	-	59,572
Write-off of the property, plant and equipment	1,108	9,317
Net loss on disposal of available-for-sale investments	-	4,225
Dividend income	(61,330)	(14,407)
Interest and investment income	(11,256)	(18,463)
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Operating profit before working capital changes	1,217,244	787,646
Inventories	8,156	3,790
Accounts receivable and prepayments	100,320	238,158
Accounts payable and accruals	233,845	123,239
Director's remuneration paid	(80,500)	(80,500)
Charitable donations paid	(17,000)	(19,000)
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Cash from operations	1,462,065	1,053,333
Employees' end of service benefits paid	(16,589)	(11,686)
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Net cash from operation activities	1,445,476	1,041,647
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(512,072)	(1,559,360)
Proceeds from disposal of property, plant and equipment	-	18,621
Dividend received from an associate	100,000	120,000
Dividend income	61,330	14,407
Interest and investment income	11,256	18,463
Purchase of available -for- sale investments	(8,000)	-
Proceeds from available -for- sale investments	-	197,774
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Net cash used in investing activities	(347,486)	(197,774)
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FINANCIAL ACTIVITY		
Dividends paid	(792,198)	(792,198)
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Net cash used in financial activity	(792,198)	(792,198)
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INCREASE (DECREASE) IN BANK BALANCES AND CASH	305,792	(940,646)
Bank balances and cash at 1 January	2,112,449	3,167,869
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BANK BALANCES AND CASH AT 30 JUNE	2,418,241	2,227,223
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FINANCIAL STATEMENT

	Note	Share capital BD	Treasury Shares BD	Statutory reserve BD	General reserve BD	Revaluation reserve BD	Cumulative changes in fair value BD	Retained earnings BD	Proposed dividend BD	Total BD
Balance at 31 Dec 2002		10,000,000	(94,726)	1,208,935	3,215,079	9,594,560	657,774	1,097,914	792,198	26,471,734
Net profit for the year 2003		-	-	-	-	-	-	1,027,834	-	1,027,834
Transfer to statutory reserve	12	-	-	102,783	-	-	-	(102,783)	-	-
Realised loss on available-for-sale investments		-	-	-	-	-	10,563	-	-	10,563
Unrealised gains on available-for sale investments		-	-	-	-	-	1,211,703	-	-	1,211,703
Contributions towards charity		-	-	-	-	-	-	(17,000)	-	(17,000)
Director's remuneration		-	-	-	-	-	-	(80,500)	-	(80,500)
Dividends paid	14 (a)	-	-	-	-	-	-	-	(792,198)	(792,198)
Proposed Dividend	14 (a)	-	-	-	-	-	-	(792,198)	792,198	-
Balance at 31 Dec 2003		100,000,000	(94,726)	1,311,718	3,215,079	9,594,560	1,880,040	1,133,267	792,198	27,832,136
Net profit for theyear 2004		-	-	-	-	-	-	1,673,064	-	1,673,064
Surplus on revaluation of freehold land	3	-	-	-	-	3,530,040	-	-	-	3,530,040
Transfer to statutory reserve	12	-	-	167,306	-	-	-	(167,306)	-	-
Unrealised gains on		-	-	-	-	-	2,093,958	-	-	2,039,958

available-for sale investments										
Contributions towards charity	-	-	-	-	-	-	(17,000)		(17,000)	
Director's remuneration	-	-	-	-	-	-	(83,000)		(83,000)	
Dividends paid	14 (a)	-	-	-	-	-	-	792,198	(792,198)	
Proposed Dividend	14 (a)	-	-	-	-	-	(891,222)	(891,222)	-	
Balance at 31 Dec 2004		100,000,000	(94,726)	1,479,024	3,215,079	13,124,600	3,919,998	1,647,803	891,222	34,183,000