

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</i> 30 June <i>2004</i> BD	<i>Audited</i> 31 December <i>2003</i> BD
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 program	115,244	309,085
	5,926,823	6,280,983

Balance Sheet

31 December 2004

	Note	2003 BD	2004 BD
ASSETS			
Non-current assets			
Property, plant and equipment	3	25,445,124	21,514,254
Investment in an associate	4	505,806	331,604
Goodwill	5	280,635	327,408
Available-for-sale investments	6	6,399,171	4,351,213
		32,630,736	26,524,479
Current Assets			
Inventories	7	177,877	159,658
Accounts receivable and prepayments	8	568,830	505,502
Cash and cash equivalents	9	2,624,772	2,112,449
		3,371,479	2,777,609
TOTAL ASSETS		36,002,215	29,294,588
EQUITY AND LIABILITIES			
Capitals and Reserves			
Share capital	10	10,000,000	10,000,000
Treasury Shares	11	(94,726)	(94,726)
Statutory reserve	12	1,479,024	1,479,024
General Reserve	13	3,215,079	3,215,079
Revaluation reserve		13,124,600	9,594,560
Cumulative changes in fair values		3,919,998	1,880,040
Retained earnings		1,647,803	1,133,267
Proposed dividend	14 (a)	891,222	792,198
Total equity		34,183,000	27,832,136
Non-current liabilities			
Employees' end of service benefits	15	150,975	135,768
Current liabilities			
Accounts payable and accruals	16	1,668,240	1,334,184
TOTAL EQUITY AND LIABILITIES		36,002,215	29,302,088

The financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 10 February 2004

The financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 19 February 2006

Statement of Income

		<i>Year ended 31 December 2004</i>	<i>2003</i>
<i>Note</i>		<i>2004 BD</i>	<i>BD</i>
Gross operating revenue		6,046,698	5,014,661
Gross operating cost	17	(3,830,358)	(3,383,574)
GROSS OPERATING PROFIT		2,216,340	1,631,087
Depreciation	3	(1,148,277)	(1,028,031)
General and administration expenses		(206,660)	(159,683)
PROFIT FROM OPERATIONS		861,403	443,373
Dividend Income		212,211	188,584
Interest on term Deposits		34,240	26,469
Share of profit from an associate	4	404,202	241,363
Amortization of Goodwill	5	(46,773)	(46,773)
Miscellaneous income	18	210,440	208,139
Write-off of property, plant and equipment		(2,659)	(9,643)
Loss on disposal of property, plant and equipment		-	(58,016))
Write back of provision on available-for-sale investments		-	34,388)
NET PROFIT FOR THE YEAR	19	1,673,064	1,027,834
Earnings per share (in fils)	20	16.90	10.38
Dividend per share (in fils)	14 (b)	9.00	8.00

Cash Flow

Year Ended 31 December 2004

	Note	2004 BD	2003 BD
OPERATING ACTIVITIES			
Net Profit for the year		1,673,064	1,027,834
Adjustments for:			
Depreciation	3	1,148,277	1,028,031
Share of income from an associate	4	(404,202)	(241,363)
Amortization of goodwill	5	46,773	46,773
Provision for employees' end of service benefits	15	39,797	34,572
Property, plant and equipment written off - net book value		2,659	9,643
Loss on disposal of property, plant and equipment		-	58,016
Write back of provision on available-for-sale investments		-	(34,338)
Net loss on disposal of available-for-sale investments		-	4,225
Dividend income		(212,211)	(188,584)
Interest on term deposits		(34,240)	(26,469)
Operating profit before working capital changes		2,259,917	1,718,340
Changes in operating assets and Liabilities:			
Inventories		(18,219)	16,887
Accounts receivable		(63,328)	141,915
Accounts payable		331,556	(66,901)
Cash from operations		2,509,926	1,810,241
Director's remuneration and charity paid		(97,500)	(97,500)
Employees' end of service benefits paid	15	(24,590)	(25,713)
Net cash from operating activities		2,387,836	1,687,028
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(1,551,776)	(2,410,984)
Proceeds from disposal of property, plant and equipment		-	20,177
Purchase of available -for- sale investments		(8,000)	(192,270)
Dividends received from an associate	4	230,000	220,000
Other Dividends received		212,211	188,584
Interest received		34,240	26,469
Proceeds from disposal of available -for- sale investments		-	197,774
Net cash used in investing activities		(1,083,315)	(1,950,250)
FINANCING ACTIVITY			
Dividends paid	14 (a)	(792,198)	(792,198)
Net cash used in financing activity		(792,198)	(792,198)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		512,323	(1,055,420)
Cash and cash at 1 January		2,112,449	3,167,869
CASH AND CASH AT 31 DECEMBER	9	2,624,772	2,112,449

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	<i>Note</i>	<i>2004 BD</i>	<i>BD</i>	<i>BD</i>
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CASH AND CASH AT 31 DECEMBER	9	2,624,772	2,112,449

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	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		<u>100,000,000</u>	<u>(94,726)</u>	<u>1,311,718</u>	<u>3,215,079</u>	<u>9,594,560</u>	<u>1,880,040</u>	<u>1,133,267</u>	<u>792,198</u>	<u>27,832,136</u>
Net profit for the year 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 available-for sale investments		-	-	-	-	-	2,093,958	-	-	2,039,958
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		<u>100,000,000</u>	<u>(94,726)</u>	<u>1,479,024</u>	<u>3,215,079</u>	<u>13,124,600</u>	<u>3,919,998</u>	<u>1,647,803</u>	<u>891,222</u>	<u>34,183,000</u>