

INCOME STATEMENT

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NATIONAL HOTELS COMPANY B.S.C.

Introduction

We have reviewed the accompanying interim balance sheet of National Hotels Company B.S.C. ("the Company") as at 31 March 2007 and the related interim income statement, cash flow statement and statement of changes in equity for the three month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34") . Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

BALANCE SHEET

31 December 2006

	Notes	2006 BD	2005 BD		(684,958)			
ASSETS								
Non-current assets								
Depreciation								
Property, plant and equipment	3	33,627,253	29,492,591	4,134,662	(1,191,775)	5,326,899	4,135,124	(462)
Investment in an associate	4	1,575,112	1,150,735	424,377	754,377	-330,000	424,377	
Available-for-sale investments	5	3,056,241	4,796,677	(1,740,436)	(756,733)	(564,522)	1,174,936	
		<u>38,258,606</u>	<u>35,440,003</u>					
Current assets								
Inventories	6	238,613	194,778	(43,835)	(43,835)			
Managed portfolios	7	1,187,427	837,814	349,613				
Available-for-sale investments	5	565,500	-					
Accounts receivable and prepayments	8	677,565	490,180	(187,385)				
Cash and bank balances	9	1,578,776	2,325,427	746,651		1,523,342		
		<u>4,247,881</u>	<u>3,848,199</u>					
TOTAL ASSETS		<u>42,506,487</u>	<u>39,288,202</u>					
EQUITY AND LIABILITIES								
Equity								
Share capital	10	10,000,000	10,000,000	-				
Treasury shares	11	(94,726)	(94,726)	-				
Statutory reserve	12	2,095,513	1,782,151	313,362				
General reserve	13	3,215,079	3,215,079	-				
Revaluation reserve		13,124,600	13,124,600	-				
Cumulative changes in fair values		1,954,472	2,938,175	(983,703)			983,703	191,233
Retained earnings		5,994,679	3,174,420	2,820,259				191,233
Proposed dividend	14 (a)	-	1,089,580	(1,089,580)				
Total equity		<u>36,289,617</u>	<u>35,229,279</u>					
Non-current liability								
Employees' end of service benefits	15	195,097	172,049	23,048	49,643	-26,595	23,048	
Current liabilities								
Accounts payable and accruals	16	4,052,724	3,084,789	967,935				
Bank overdrafts	9	1,969,049	802,085					
		<u>6,021,773</u>	<u>3,886,874</u>					
Total liabilities		<u>6,216,870</u>	<u>4,058,923</u>					
TOTAL EQUITY AND LIABILITIES		<u>42,506,487</u>	<u>39,288,202</u>	-				

CASHFLOW

Year Ended 31 December 2006

	Notes	2006 BD	2005 BD		
OPERATING ACTIVITIES					
Net profit for the year		3,133,621	3,031,274		
Adjustments for:					
Depreciation	3	1,191,775	1,166,121		
Share of profit from an associate		(754,377)	(589,294)		
Provision for inventories		750	900		
Provision for doubtful debts		15,822	15,478		
Provision for employees' end of service benefits	15	49,643	46,920		
Write-off of property, plant and equipment		462	885		
Profit on sale of available-for-sale investments		(339,529)	(564,675)		
Net change in the value of managed portfolios		254,567	24,562		
Dividend income		(267,777)	(158,595)		
Interest on term deposits		(76,146)	(78,182)		
Finance charges		51,825	12,005		
Operating profit before working capital changes		<u>3,260,636</u>	<u>2,907,399</u>		
Changes in operating assets and liabilities:					
Inventories		(44,585)	(17,801)		
Receivables		(203,207)	(11,585)		
Payables		614,021	559,069		
Cash from operations		<u>3,626,865</u>	<u>3,437,082</u>		
Directors' remuneration paid		(90,250)	(83,000)	(90,250)	21700
Employees' end of service benefits paid	15	(26,595)	(25,846)		
Finance charges paid		(51,825)	(12,005)		
Net cash from operating activities		<u>3,458,195</u>	<u>3,316,231</u>		
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	3	<u>(4,882,735)</u>	<u>(4,418,730)</u>		
Dividends received from an associate	4	330,000	225,000		
Other dividends received		267,777	149,295		
Interest received		76,146	74,956		
Investment in managed portfolios		(604,180)	(862,376)	(858,747)	
Proceeds from sale of available-for-sale investments		530,762	1,305,416		

Net cash used in investing activities	(4,282,230)	(3,526,439)
---------------------------------------	-------------	-------------

FINANCING ACTIVITY

Dividend paid	14 (a) (1,089,580)	(891,222)
---------------	--------------------	-----------

Net cash used in financing activity	<u>(1,089,580)</u>	<u>(892,222)</u>
-------------------------------------	--------------------	------------------

DECREASE IN CASH AND CASH EQUIVALENTS	(1,913,615)	(1,101,430)	-
---------------------------------------	-------------	-------------	---

Cash and cash equivalents at 1 January	1,523,342	2,624,772
--	-----------	-----------

CASH AND CASH EQUIVALENTS AT 31 DECEMBER	9 <u>(390,273)</u>	<u>1,523,342</u>
--	--------------------	------------------

and expenses for the year	-	-	-	-	-	(981,823)	2,919,324	-	1,937,501
Dividend paid 14(a)	-	-	-	-	-	-	-	(891,222)	(891,222)
Transfer to statutory reserve	-	-	303,127	-	-	-	(303,127)	-	-
Dividend proposed 14(a)	-	-	-	-	-	-	(1,089,580)	1,089,580	-
Balance at 31 December 2005	10,000,000	(94,726)	1,782,151	3,215,079	13,124,600	2,938,175	3,174,420	1,089,580	35,229,279
Balance at 1 January 2006	10,000,000	(94,726)	1,782,151	3,215,079	13,124,600	2,938,175	3,174,420	1,089,580	35,229,279
Transferred to income statement on sale	-	-	-	-	-	(339,529)	-	-	(339,529)
Net movement in fair value of available-for-sale investments during the year	-	-	-	-	-	(644,174)	-	-	(644,174)
Directors' remuneration	-	-	-	-	-	-	-	-	-
Contributions towards charity	-	-	-	-	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-	(983,703)	-	-	(983,703)
Net profit for the year	-	-	-	-	-	-	3,133,621	-	3,133,621
Total income and expenses for the year	-	-	-	-	-	(983,703)	3,133,621	-	2,149,918

Dividend paid	14(a)	-	-	-	-	-	-	-	(1,089,580)	(1,089,580)
Transfer to statutory reserve		-	-	313,362	-	-	-	(313,362)	-	-
Dividend proposed	14(a)	-	-	-	-	-	-	-	-	-
Balance at 31 December 2006		10,000,000	(94,726)	2,095,513	3,215,079	13,124,600	1,954,472	5,994,679	-	36,289,617

983,703