

INCOME STATEMENT

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.

BALANCESHEET

31 March 2007 (Unaudited)

	Unaudited 31 March 2007 BD	Audited 31 December 2006 BD		
ASSETS				
Non-current assets				
Property, plant and equipment	33,800,428	33,627,253	56,620	
Investment in an associate	1,549,880	1,575,112	(25,232)	8650
Available-for-sale investments	3,092,438	3,056,241	36,197	42,607 6,410
	38,442,746	38,258,606		2,240
Current assets				
Inventories	196,734	238,613	(41,879)	
Managed portfolios	1,192,241	1,187,427	4,814	-4814 9,628
Available-for-sale investments	565,500	565,500	-	
Accounts receivable and prepayments	859,508	677,565	(159,950)	
Cash and cash equivalents	1,649,839	1,578,776	71,063	
	4,463,822	4,247,881		
TOTAL ASSETS	42,906,568	42,506,487		
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	10,000,000	10,000,000	-	
Treasury shares	(94,726)	(94,726)	-	
Statutory reserve	2,095,513	2,095,513	-	
General reserve	3,215,079	3,215,079	-	
Revaluation reserve	13,124,600	13,124,600	-	
Cumulative changes in fair values	1,990,039	1,954,472	35,567	630 630
Proposed appropriations	-	1,297,833		
Retained earnings	5,947,066	4,696,846	1,250,220	-
Total equity	36,277,571	36,289,617		
Non-current liability				
Employees' end of service benefits	202,465	195,097	7,368	
Current liability				
Accounts payable and accruals	3,641,028	4,052,724	(979,344)	
Bank overdrafts	1,596,871	1,969,049	52,968	
	6,426,532	6,021,773		
Total liabilities	6,628,997	6,216,870		
TOTAL EQUITY AND LIABILITIES	42,906,568	42,506,487		

CASHFLOW

31 March 2007 (Unaudited)

	Three months ended		
	2007	31 March	
	BD	2006	
		BD	
OPERATING ACTIVITIES			
Net profit for the period	1,250,220	1,123,319	
Adjustments for:			
Depreciation	398,219	287,399	
Share of profit from an associate	(194,764)	(180,090)	
Provision for employees' end of service benefits	17,881	10,749	
Profit on sale of available-for-sale investments	(7,040)	(148,793)	
Net change in the value of managed portfolios	1,349	140,196	454,839
Dividend income	(96,847)	(80,390)	
Interest on term deposits	(17,481)	(22,966)	
Finance charges	21,731	9,067	
Operating profit before working capital changes	1,373,264	1,138,491	
Working capital changes:			
Inventories	41,879	9,023	
Receivables	(181,943)	(790,137)	
Payables	(434,396)	(208,748)	
Cash from operations	798,804	148,629	
Directors' remuneration paid	(86,500)	(90,250)	
Employees' end of service benefits paid	(10,513)	(8,083)	
Finance charges paid	(21,731)	(9,067)	
Net cash from operating activities	680,060	41,229	
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(571,394)	(612,451)	
Dividends received from an associate	220,000	180,000	
Other dividends received	96,847	80,390	
Interest received	17,481	22,966	
Investment in managed portfolios	(8,403)	(298,017)	8,650
Proceeds from sale of available-for-sale investments	8,650	227,368	
Net cash used in investing activities	(236,819)	(399,744)	
FINANCING ACTIVITY			
Dividends paid	-	-	
Net cash used in financing activity	-	-	
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	443,241	(358,515)	
Cash and cash equivalents at 1 January	(390,273)	1,523,342	
CASH AND CASH EQUIVALENTS AT 31 MARCH	52,968	1,164,827	

CHANGES IN EQUITY

31 March 2007 (Unaudited)

	Share capital BD	Treasury shares BD	Statutory reserve BD	General reserve BD	Revaluation reserve BD	Cumulative changes in fair value BD	Proposed appropriations BD	Retained earnings BD	Total BD
Balance at 1 January 2006	10,000,000	(94,726)	1,782,151	3,215,079	13,124,600	2,938,175	1,201,530	3,174,420	35,341,229
Transferred to income statement on sale of available-for- sale investments during the year	-	-	-	-	-	(148,793)	-	-	(148,793)
Net movement in fair value of available-for - sale investments during the year	-	-	-	-	-	(801,123)	-	-	(801,123)
Total income and expenses recognised directly in equity	-	-	-	-	-	(949,916)	-	-	(949,916)
Net profit for the period	-	-	-	-	-	-	-	1,123,319	1,123,319
1 January to 31 March 2006	-	-	-	-	-	-	-	1,123,319	1,123,319
Total income and expenses for the period 1 January to 31 March 2006	-	-	-	-	-	(949,916)	-	1,123,319	173,403
2005 Appropriations :									
Directors' remuneration paid							(90,250)		(90,250)

Dividend paid	-	-	-	-	-	-	(1,089,580)	-	(1,089,580)
Charity Contributions payable - 2005							(21,700)		(21,700)
Balance at 31 March 2006	10,000,000	(94,726)	1,782,151	3,215,079	13,124,600	1,988,259	-	4,297,739	34,313,102
Balance at 1 January 2007	10,000,000	(94,726)	2,095,513	3,215,079	13,124,600	1,954,472	1,297,833	4,696,846	36,289,617
Transferred to income statement on sale of available-for-sale investments during the year	-	-	-	-	-	(7,040)	-	-	(7,040)
Net movement in fair value of available-for-sale investments during the year	-	-	-	-	-	42,607	-	-	42,607
Total income and expenses recognised directly in equity	-	-	-	-	-	35,567	-	-	35,567
Net profit for the period									
1 January to 31 March 2007	-	-	-	-	-	-	-	1,250,220	1,250,220
Total income and expenses for the period 1 January to 31 March 2007	-	-	-	-	-	35,567	-	1,250,220	1,285,787
Directors' remuneration paid							(86,500)		(86,500)
Dividend payable - 2006							(1,188,633)		(1,188,633)
Charity contribution payable - 2006							(22,700)		(22,700)
Balance at 31 March 2007	10,000,000	(94,726)	2,095,513	3,215,079	13,124,600	1,990,039	-	5,947,066	36,277,571