

National Hotels Company B.S.C.

**INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 JUNE 2015 (REVIEWED)

REVIEW REPORT TO THE SHAREHOLDERS OF NATIONAL HOTELS COMPANY B.S.C.

Introduction

We have reviewed the accompanying interim condensed financial statements of National Hotels Company B.S.C. ("the Company") as at 30 June 2015, comprising of the interim condensed statement of financial position as at 30 June 2015 and the related interim condensed statements of profit or loss, other comprehensive income, cash flows and changes in equity for the six-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 Accounting 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 the 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.



Auditor's Registration No. 115
30 July 2015
Manama, Kingdom of Bahrain

National Hotels Company B.S.C.
INTERIM STATEMENT OF FINANCIAL POSITION
 At 30 June 2015 (Reviewed)

	Note	30 June 2015 Reviewed BD	31 December 2014 Audited BD
ASSETS			
Non-current assets			
Property, plant and equipment	3	77,728,337	78,666,173
Investment in an associate	4	6,305,898	6,228,485
Available-for-sale investments	5	2,826,458	2,681,430
Total non-current assets		86,860,693	87,576,088
Current assets			
Inventories		55,744	65,687
Held-for-trading investments		48,338	49,127
Trade and other receivables		743,569	617,160
Bank balances and cash	6	5,182,733	4,890,880
Total current assets		6,030,384	5,622,654
TOTAL ASSETS		92,891,077	93,198,742
EQUITY AND LIABILITIES			
Equity			
Share capital	8	11,025,000	10,500,000
Treasury shares		(94,728)	(94,728)
Statutory reserve		5,250,000	5,250,000
General reserve		2,190,079	2,190,079
Revaluation reserve		35,604,343	35,604,343
Available-for-sale investments reserve		2,303,898	2,087,817
Retained earnings		26,926,313	24,879,085
Proposed dividend	8	-	1,564,759
Total equity		83,204,907	81,991,357
Non-current liabilities			
Employees' end of service benefits		347,142	330,110
Term loan		4,972,869	6,216,087
Total non-current liabilities		5,320,011	6,546,197
Current liabilities			
Trade and other payables		1,879,723	2,174,752
Current portion of term loan		2,486,436	2,486,436
Total current liabilities		4,366,159	4,661,188
Total liabilities		9,686,170	11,207,385
TOTAL EQUITY AND LIABILITIES		92,891,077	93,198,742


 Abdul Latif Ahmed Al Zayani
 Director and Chairman - Executive Committee


 Ayad Abdulla Ahmed Al Sumait
 Vice Chairman and Managing Director

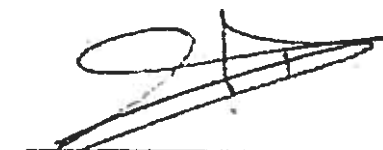
The attached notes 1 to 13 form part of these interim condensed financial statements.

National Hotels Company B.S.C.
INTERIM STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2015 (Reviewed)

	Note	Three months ended 30 June		Six months ended 30 June	
		2015	2014	2015	2014
		Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD
Gross operating revenue		2,421,535	2,111,129	5,110,955	4,046,594
Gross operating costs		(1,269,197)	(1,124,878)	(2,610,932)	(2,151,206)
GROSS OPERATING PROFIT		1,152,338	986,251	2,500,023	1,895,388
Net investment income:					
Share of profit from an associate	4	379,775	338,530	716,360	609,544
Dividend income	7	10,890	7,446	95,115	93,719
Interest on term deposits		6,961	14,155	13,811	31,080
Net changes in cumulative fair value of held-for-trading investments		(597)	(874)	(789)	6,388
		397,029	359,257	824,497	740,731
Miscellaneous income		97,310	65,828	162,070	162,078
Depreciation		(498,860)	(449,417)	(990,543)	(895,831)
General and administration expenses		(81,251)	(90,944)	(258,102)	(252,748)
Financial charges		(86,646)	(91,221)	(138,849)	(189,409)
Loss on write-off of property, plant and equipment	3	(26,457)	-	(51,868)	-
PROFIT FOR THE PERIOD		973,463	779,754	2,047,228	1,460,209
BASIC AND DILUTED EARNINGS PER SHARE (in fils)	9	9	7	19	13



Abdul Latif Ahmed Al Zayani
Director and Chairman - Executive Committee



Ayad Abdulla Ahmed Al Sumait
Vice Chairman and Managing Director

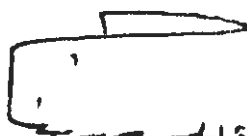
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National Hotels Company B.S.C.

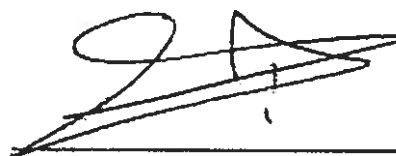
INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015 (Reviewed)

	Three months ended		Six months ended		
	30 June		30 June		
	2015	2014	2015	2014	
Note	Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD	
Profit for the period	973,463	779,754	2,047,228	1,460,209	
Other comprehensive income					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Net movement in fair values of available-for-sale investments during the period	5	61,358	(97,615)	145,028	(13,945)
Share in associate's cumulative changes in fair values	4	31,216	(5,687)	61,053	19,930
Other comprehensive income (loss) for the period		31,216	(103,302)	206,081	5,985
Total comprehensive income for the period		1,004,679	676,452	2,253,309	1,466,194



Abdul Latif Ahmed Al Zayani
Director and Chairman - Executive Committee



Ayad Abdulla Ahmed Al Sumait
Vice Chairman and Managing Director

The attached notes 1 to 13 form part of these interim condensed financial statements.

National Hotels Company B.S.C.

INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015 (Reviewed)

	Note	Six months ended 30 June	
		2015 Reviewed BD	2014 Reviewed BD
OPERATING ACTIVITIES			
Profit for the period		2,047,228	1,460,209
Adjustments for:			
Depreciation		990,543	895,831
Loss on write-off of property, plant and equipment	3	51,868	-
(Profit) loss on disposal of property, plant and equipment	3	(1,220)	3,568
Share of profit from an associate	4	(716,360)	(609,544)
Net changes in cumulative fair value of held-for-trading investments		789	(6,388)
Dividend income		(95,115)	(93,719)
Interest on term deposits		(13,811)	(31,080)
Provision for employees' end of service benefits		29,836	41,556
		2,293,758	1,660,433
Working capital changes:			
Inventories		9,943	16,740
Trade and other receivables		(126,409)	(151,414)
Trade and other payables		1,276	(15,552)
Cash flows from operations		2,178,568	1,510,207
Employees' end of service benefits paid		(12,804)	(12,387)
Directors' remuneration paid	11	(172,000)	(172,000)
Charitable contributions paid		(53,000)	(98,000)
Net cash flows from operating activities		1,940,764	1,227,820
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(192,849)	(868,921)
Proceeds from disposal of property, plant and equipment		3,000	29,000
Dividends received from an associate	4	700,000	500,000
Other dividends received		95,115	93,719
Interest received		13,811	31,080
Net cash flows from (used in) investing activities		619,077	(215,122)
FINANCING ACTIVITIES			
Repayments of term loan		(1,243,218)	(1,243,218)
Dividends paid	8	(1,039,759)	(990,247)
Net cash flows used in financing activities		(2,282,977)	(2,233,465)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		276,864	(1,220,767)
Cash and cash equivalents at 1 January		4,669,281	5,672,289
CASH AND CASH EQUIVALENTS AT 30 JUNE	6	4,946,145	4,451,522

Non-cash items:

- (i) Liabilities towards acquisition of property, plant and equipment to the extent of BD 101,821 (30 June 2014: BD 298,885) with a net decrease of BD 86,494 during the period (30 June 2014: net increase of BD 46,387) were not settled as of the date of interim condensed statement of financial position.
- (ii) Unclaimed dividends pertaining to prior years amounting to BD 236,588 (30 June 2014: BD 254,344) [note 6] with a net increase of BD 15,189 (30 June 2014: BD 34,267) has been excluded from the movement of trade and other payables.

The attached notes 1 to 13 form part of these interim condensed financial statements.

National Hotels Company B.S.C.
INTERIM STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2015 (Reviewed)

	Share capital BD	Treasury shares BD	Statutory reserve BD	General reserve BD	Revaluation reserve BD	Available- for-sale investments reserve BD	Retained earnings BD	Proposed dividend BD	Total equity BD
As at 1 January 2015	10,500,000	(94,726)	5,250,000	2,190,079	35,604,343	2,097,817	24,879,085	1,564,759	81,991,357
Profit for the period	-	-	-	-	-	-	2,047,228	-	2,047,228
Other comprehensive income for the period	-	-	-	-	-	206,081	-	-	206,081
Total comprehensive income for the period	-	-	-	-	-	206,081	2,047,228	-	2,253,309
Issue of bonus shares (note 8)	525,000	-	-	-	-	-	-	(525,000)	-
Dividends declared (note 8)	-	-	-	-	-	-	-	(1,039,759)	(1,039,759)
As at 30 June 2015 (reviewed)	11,025,000	(94,726)	5,250,000	2,190,079	35,604,343	2,303,898	26,926,313	-	83,204,907
As at 1 January 2014	10,000,000	(94,726)	5,000,000	2,715,079	35,604,343	2,017,287	23,110,831	1,490,247	79,843,061
Profit for the period	-	-	-	-	-	-	1,460,209	-	1,460,209
Other comprehensive income for the period	-	-	-	-	-	5,985	-	-	5,985
Total comprehensive income for the period	-	-	-	-	-	5,985	1,460,209	-	1,466,194
Issue of bonus shares (note 8)	500,000	-	-	-	-	-	-	(500,000)	-
Dividends declared (note 8)	-	-	-	-	-	-	-	(990,247)	(990,247)
As at 30 June 2014 (reviewed)	10,500,000	(94,726)	5,000,000	2,715,079	35,604,343	2,023,272	24,571,040	-	80,319,008

The attached notes 1 to 13 form part of these interim condensed financial statements.

1 CORPORATE INFORMATION

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 Industry and Commerce under commercial registration (CR) number 1665. The address of the registered office of the Company is P.O. Box 5243, Building 59, Road 1701, Block 317, Diplomatic Area, Kingdom of Bahrain. The Company owns the Diplomat Radisson BLU Hotel, which is managed by Rezidor Hotel Group ("Rezidor") under a 15 year management agreement dated 20 July 2000. In 2007, the Company commenced the operations of its serviced apartments, which are also managed by Rezidor under a 12 year management agreement dated 6 May 2003. In 2012, the Company commenced the operations of its office towers, which are managed by the Company directly.

The Company operates solely in the Kingdom of Bahrain.

Associate

The Company has a 33.33% interest in African & Eastern (Bahrain) W.L.L. (2014: 33.33%).

The interim condensed financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 30 July 2015.

2 ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements for the six months ended 30 June 2015 have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting".

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual financial statements as at 31 December 2014. In addition, results for the six months ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015.

The nature and the impact of each new standard or amendment is described below:

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Company did not record any revaluation adjustments during the current interim period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Company as it does not receive any management services from other entities.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2015 (Reviewed)

2 ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Company does not apply the portfolio exception in IFRS 13.

The following other new standards and amendments apply for the first time in 2015. However, they do not impact the annual financial statements of the Company or the interim condensed financial statements of the Company.

- *Amendments to IAS 19 Defined Benefit Plans: Employee Contributions;*
- *IFRS 2 Share-based Payment;*
- *IFRS 3 Business Combinations;*
- *IFRS 8 Operating Segments; and*
- *IAS 40 Investment Property.*

3 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Company incurred capital expenditure amounting to BD 106,355 (six months ended 30 June 2014: BD 118,690, year ended 31 December 2014: BD 2,169,993) on its various capital expenditure projects including the refurbishment of the ballroom and syndicate rooms [note 10].

Assets with a net book value of BD 51,868 were written off by the Company during the six months ended 30 June 2015 (six months ended 30 June 2014: nil, year ended 31 December 2014: nil). During the six months ended 30 June 2015, assets with a net book value of BD 1,780 (six months ended 30 June 2014: BD 32,568, year ended 31 December 2014: BD 32,568) were disposed of by the Company, resulting in a net profit on disposal of BD 1,220 (six months ended 30 June 2014: net loss on disposal of BD 3,568, year ended 31 December 2014: net loss on disposal of BD 3,068).

4 INVESTMENT IN AN ASSOCIATE

The Company has a 33.33% interest in African & Eastern (Bahrain) W.L.L., which is incorporated in the Kingdom of Bahrain and is involved in the business of investment in bonds and shares as well as importing and selling consumer products. African & Eastern (Bahrain) W.L.L. is a private entity that is not listed on any public exchange. The Company's interest in African & Eastern (Bahrain) W.L.L. is accounted for using the equity method in the interim condensed financial statements.

Movements in the carrying value of the investment were as follows:

	30 June 2015 Reviewed BD	31 December 2014 Audited BD	30 June 2014 Reviewed BD
Balance at 1 January	6,228,485	5,753,702	5,753,702
Share of profit during the period / year *	716,360	1,305,812	609,544
Dividends received during the period / year	(700,000)	(800,000)	(500,000)
Share in associate's cumulative changes in fair values	61,053	(31,029)	19,930
	6,305,898	6,228,485	5,883,176

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2015 (Reviewed)

4 INVESTMENT IN AN ASSOCIATE (continued)

* Based on the approved management accounts of African & Eastern (Bahrain) W.L.L., profit of BD 2,149,294 (30 June 2014: BD 1,828,814) was recognised for the six month months ended 30 June 2015. The Company has recognised profit of BD 716,360 (30 June 2014: BD 609,544) in these interim condensed financial statements representing their 33.33% share.

5 AVAILABLE-FOR-SALE INVESTMENTS

	<i>30 June 2015 Reviewed BD</i>	<i>31 December 2014 Audited BD</i>
Equity investments:		
Quoted investment	2,515,658	2,370,630
Unquoted investments (at cost)*	310,800	310,800
	<u>2,826,458</u>	<u>2,681,430</u>

* The unquoted investments are carried at cost, as fair value cannot be reliably determined due to the unpredictable nature of future cash flows and the lack of other suitable methods for arriving at a reliable fair value for these investments.

The movement in the quoted available-for-sale investment is as follows:

	<i>30 June 2015 Reviewed BD</i>	<i>31 December 2014 Audited BD</i>	<i>30 June 2014 Reviewed BD</i>
Balance at 1 January	2,370,630	2,259,071	2,259,071
Unrealised gain (loss) on available-for-sale investments	145,028	111,559	(13,945)
	<u>2,515,658</u>	<u>2,370,630</u>	<u>2,245,126</u>

All available-for-sale investments valued at fair value were valued under level 1 fair value hierarchy, there were no financial instruments which were fair valued under level 2 and level 3 fair value hierarchy (note 13).

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2015 (Reviewed)

6 CASH AND CASH EQUIVALENTS

For the purpose of the interim statement of cash flows, cash and cash equivalents are comprised of the following statement of financial position amounts:

	30 June 2015 Reviewed BD	31 December 2014 Audited BD	30 June 2014 Reviewed BD
Cash on hand	7,239	8,063	7,849
Cash at bank	2,353,723	2,073,971	1,123,009
Term deposits	2,821,771	2,808,646	3,575,008
Bank balances and cash	<u>5,182,733</u>	<u>4,890,680</u>	<u>4,705,866</u>
Restricted cash	(236,588)	(221,399)	(254,344)
Cash and cash equivalents as per the interim statement of cash flows	<u>4,946,145</u>	<u>4,669,281</u>	<u>4,451,522</u>

Restricted cash which represents unclaimed dividends has not been included in cash and cash equivalents.

Term deposits are short term deposits, denominated in Bahraini Dinars and held with commercial banks in the Kingdom of Bahrain with an average effective interest rate of 1.89% (30 June 2014: 1.5%). These term deposits have original maturities ranging from one month to three months (31 December 2014: same).

7 SEASONALITY OF RESULTS

Dividend income of BD 95,115 for the six months ended 30 June 2015 (for the six months ended 30 June 2014: BD 93,719) is of a seasonal nature.

8 DIVIDENDS AND BONUS SHARES

At the annual general meeting of the shareholders held on 29 March 2015, the shareholders of the Company resolved to distribute cash dividends of 10 fils per share amounting to BD 1,039,759 which was paid on 7 April 2015 from retained earnings and bonus shares from the general reserve at 5 bonus shares for each 100 shares held totalling to 5,250,000 bonus shares with a nominal value of BD 525,000 (2014: cash dividends of 10 fils per share amounted to BD 990,247 from retained earnings and bonus shares from the general reserve at 5 bonus shares for each 100 shares held totalling to 5,000,000 bonus shares with a nominal value of BD 500,000).

9 EARNINGS PER SHARE

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>30 June 2015 Reviewed</u>	<u>30 June 2014 Reviewed</u>	<u>30 June 2015 Reviewed</u>	<u>30 June 2014 Reviewed</u>
Profit for the period – BD	<u>973,463</u>	<u>779,754</u>	<u>2,047,228</u>	<u>1,460,209</u>
Average shares in issue - net of treasury shares (restated for bonus shares)	<u>109,174,743</u>	<u>109,174,743</u>	<u>109,174,743</u>	<u>109,174,743</u>
Basic and diluted earnings per share - in fils (restated for bonus shares)	<u>9</u>	<u>7</u>	<u>19</u>	<u>13</u>

No figure for diluted earnings per share has been presented as the Company did not issue any instruments that would have a dilutive effect.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2015 (Reviewed)

10 SEGMENT INFORMATION

The Company's operating businesses are organised into the following segments:

Hotel business and corporate	-	Room rental, food and beverage sales, conference and events, and head office expenses.
Office towers	-	Office rental from two commercial towers.
Investments	-	Income from investments including associate, held-for-trading investments, available-for-sale investments and term deposits.

Segment assets include all operating assets used by a segment and consist primarily of property, plant and equipment, inventories, available-for-sale investments, held-for-trading investments and accounts receivable. Whilst the majority of the assets can be directly attributed to individual business segments, the carrying amounts of certain assets used jointly by two segments is allocated to segments on a reasonable basis.

Segment liabilities include all operating liabilities and consist primarily of accounts payable, accrued liabilities and term loan.

Three months ended 30 June	Hotel business and corporate			Office towers			Investments			Total		
	2015		2014		2015		2014		2015		2014	
	Reviewed	BD	Reviewed	BD	Reviewed	BD	Reviewed	BD	Reviewed	BD	Reviewed	BD
Gross operating revenue	2,174,640	-	1,928,085	-	246,895	-	183,044	-	-	2,421,535	-	2,111,129
Gross operating costs	(1,201,011)	-	(1,070,946)	-	(68,186)	-	(53,932)	-	-	(1,269,197)	-	(1,124,878)
Gross operating profit	973,629	-	857,139	-	178,709	-	129,112	-	-	1,152,338	-	986,251
Investment income (net)	-	-	-	-	-	-	-	-	397,029	397,029	-	359,257
Other income	97,310	-	65,828	-	-	-	-	-	-	97,310	-	65,828
Depreciation	(287,120)	-	(235,584)	-	(211,740)	-	(213,833)	-	-	(498,860)	-	(449,417)
Expenses	(107,708)	-	(90,944)	-	-	-	-	-	-	(107,708)	-	(90,944)
Financial charges	(26)	-	-	-	(66,620)	-	(91,221)	-	-	(66,646)	-	(91,221)
Profit (loss) for the period	676,085	-	596,439	-	(99,651)	-	(175,942)	-	397,029	973,463	-	779,754

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2015 (Reviewed)

10 SEGMENT INFORMATION (continued)

	<i>Hotel business and corporate</i>						<i>Investments</i>						<i>Total</i>				
	<i>2015</i>		<i>2014</i>		<i>2015</i>		<i>2014</i>		<i>2015</i>		<i>2014</i>		<i>2015</i>		<i>2014</i>		
	<i>Reviewed</i>	<i>BD</i>	<i>Reviewed</i>	<i>BD</i>	<i>Reviewed</i>	<i>BD</i>	<i>Reviewed</i>	<i>BD</i>	<i>Reviewed</i>	<i>BD</i>	<i>Reviewed</i>	<i>BD</i>	<i>Reviewed</i>	<i>BD</i>	<i>Reviewed</i>	<i>BD</i>	
Six months ended 30 June																	
Gross operating revenue	4,635,872		3,682,032		475,083		364,562		-		-		-		5,110,955		4,046,594
Gross operating costs	(2,472,514)		(2,059,802)		(138,418)		(91,404)		-		-		-		(2,610,932)		(2,151,206)
Gross operating profit	2,163,358		1,622,230		336,665		273,158		-		-		-		2,500,023		1,895,388
Investment income (net)	-		-		-		-		824,497		740,731		-		824,497		740,731
Miscellaneous income	162,070		162,078		-		-		-		-		-		162,070		162,078
Depreciation	(567,063)		(469,815)		(423,480)		(426,016)		-		-		-		(990,543)		(895,831)
Expenses	(309,970)		(252,748)		-		-		-		-		-		(309,970)		(252,748)
Financial charges	(163)		-		(138,686)		(189,409)		-		-		-		(138,849)		(189,409)
Profit (loss) for the period	1,448,232		1,061,745		(225,501)		(342,267)		824,497		740,731		-		2,047,228		1,460,209

	<i>Hotel business and corporate</i>				<i>Office towers</i>				<i>Investments</i>				<i>Total</i>			
	<i>30 June 2015</i>		<i>31 December 2014</i>		<i>30 June 2015</i>		<i>31 December 2014</i>		<i>30 June 2015</i>		<i>31 December 2014</i>		<i>30 June 2015</i>		<i>31 December 2014</i>	
	<i>Reviewed</i>	<i>BD</i>	<i>Audited</i>	<i>BD</i>	<i>Reviewed</i>	<i>BD</i>	<i>Audited</i>	<i>BD</i>	<i>Reviewed</i>	<i>BD</i>	<i>Reviewed</i>	<i>BD</i>	<i>Audited</i>	<i>BD</i>	<i>Reviewed</i>	<i>BD</i>
Total assets	51,276,616		52,280,299		27,251,034		27,068,721		14,363,427		13,849,722		92,891,077		93,198,742	
Total liabilities	1,932,532		2,182,442		7,753,638		9,024,943		-		-		9,686,170		11,207,385	
Capital expenditure	106,355		2,104,188		-		65,805		-		-		106,355		2,169,993	

All of the sales and profit from the hotel business and office towers are earned in the Kingdom of Bahrain and investment income is earned from GCC countries including the Kingdom of Bahrain.

National Hotels Company B.S.C.
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
30 June 2015 (Reviewed)

11 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the associated company, major shareholders, directors and key management personnel of the Company, the operator of the hotel and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's Board of Directors.

Transactions with related parties included in the interim statement of profit or loss during the period are as follows:

	<i>For the three months ended 30 June 2015 (Reviewed)</i>			<i>For the three months ended 30 June 2014 (Reviewed)</i>		
	<i>Purchases BD</i>	<i>Fees for management services BD</i>	<i>Other expenses BD</i>	<i>Purchases BD</i>	<i>Fees for management services BD</i>	<i>Other expenses BD</i>
Associated company	21,082	-	-	21,561	-	-
Management company (Rezidor)	-	76,498	7,469	-	68,266	-
Directors	-	-	4,500	-	-	12,000
	<u>21,082</u>	<u>76,498</u>	<u>4,500</u>	<u>21,561</u>	<u>68,266</u>	<u>12,000</u>
			<u>Revenue and other income BD</u>			<u>Revenue and other income BD</u>
			522			58
			7,469			4,192
			2,194			1,423
			<u>10,185</u>			<u>5,673</u>
	<i>For the six months ended 30 June 2015 (Reviewed)</i>			<i>For the six months ended 30 June 2014 (Reviewed)</i>		
	<i>Purchases BD</i>	<i>Fees for management services BD</i>	<i>Other Expenses BD</i>	<i>Purchases BD</i>	<i>Fees for management services BD</i>	<i>Other Expenses BD</i>
Associated company	49,136	-	-	37,263	-	-
Management company (Rezidor)	-	164,346	-	-	126,327	-
Directors	-	-	14,250	-	-	27,210
	<u>49,136</u>	<u>164,346</u>	<u>14,250</u>	<u>37,263</u>	<u>126,327</u>	<u>27,210</u>
			<u>Revenue and other income BD</u>			<u>Revenue and other income BD</u>
			580			156
			16,039			8,384
			5,128			7,310
			<u>21,747</u>			<u>15,850</u>

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2015 (Reviewed)

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Balances with related parties included in the interim statement of financial position are as follows:

	30 June 2015		31 December 2014	
	Receivables Reviewed BD	Payables Reviewed BD	Receivables Audited BD	Payables Audited BD
Associated company	-	3,614	-	21,585
Management company (Rezidor)	13,180	261,164	12,954	215,983
Directors	-	-	-	172,000
	13,180	264,778	12,954	409,568

Terms and conditions of transactions with related parties

Outstanding balances at the period / year end arise in the normal course of business and are unsecured, interest free and settlement occurs in cash, and are usually settled within 30 days. There have been no guarantees received or provided for any related party payables and receivable balances.

The directors' remuneration paid during the six months ended 30 June 2015 amounted to BD 172,000 (six months ended 30 June 2014: BD 172,000).

Compensation of key management personnel

The remuneration of key management personnel, other than directors, during the period were as follows:

	For the three months ended		For the six months ended	
	30 June 2015 Reviewed BD	30 June 2014 Reviewed BD	30 June 2015 Reviewed BD	30 June 2014 Reviewed BD
Short-term benefits	64,820	40,602	112,296	81,516
Post-employment benefits	2,999	10,447	7,384	13,759
	67,819	51,049	119,680	95,275

12 COMMITMENTS

No future capital expenditure was authorised as of 30 June 2015 (30 June 2014: BD 1,607,229) relating to the refurbishment of the ballroom and syndicate room.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2015 (Reviewed)

13 FAIR VALUE MEASUREMENT

As at 30 June 2015, the Company held the following classes of assets measured at fair value:

<i>Fair value measurement using (Reviewed)</i>					
	<i>Date of valuation</i>	<i>Quoted</i>	<i>Significant</i>	<i>Significant</i>	<i>Total</i>
		<i>prices in active markets (Level 1) BD</i>	<i>observable inputs (Level 2) BD</i>	<i>unobservable inputs (Level 3) BD</i>	
Assets measured at fair value:					
<i>Available-for-sale investments</i>	<i>30 June 2015</i>	2,515,658	-	-	2,515,658
<i>Held-for-trading investments</i>	<i>30 June 2015</i>	48,338	-	-	48,338
<i>Revalued freehold land</i>	<i>31 December 2014</i>	-	-	36,171,650	36,171,650

As at 31 December 2014, the Company held the following classes of assets measured at fair value:

<i>Fair value measurement using (Audited)</i>					
	<i>Date of valuation</i>	<i>Quoted</i>	<i>Significant</i>	<i>Significant</i>	<i>Total</i>
		<i>prices in active markets (Level 1) BD</i>	<i>observable inputs (Level 2) BD</i>	<i>unobservable inputs (Level 3) BD</i>	
Assets measured at fair value:					
<i>Available-for-sale investments</i>	<i>31 December 2014</i>	2,370,630	-	-	2,370,630
<i>Held-for-trading investments</i>	<i>31 December 2014</i>	49,127	-	-	49,127
<i>Revalued freehold land</i>	<i>31 December 2014</i>	-	-	36,171,650	36,171,650

During the reporting periods ended 30 June 2015 and 30 June 2014 and year ended 31 December 2014, there have been no transfers between Level 1, Level 2 and Level 3 fair value hierarchy.

There is no movement in the revalued freehold land, therefore, reconciliation of Level 3 fair value hierarchy is not disclosed.

The management assessed that cash and bank balances, deposits, trade and other receivables, current portion of term loan and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these financial instruments.