

**National Hotels Company B.S.C.**  
**CONDENSED INTERIM FINANCIAL INFORMATION**  
**30 September 2020**

**NATIONAL HOTELS COMPANY BSC**

**CONDENSED INTERIM FINANCIAL INFORMATION**  
**for the period ended 30 September 2020**

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<b>CONTENTS</b>	<b>Page</b>
Independent auditor's report on review of condensed interim financial information	1
<b>Condensed Interim Financial Information</b>	
Condensed statement of financial position	2
Condensed statement of profit or loss	3
Condensed statement of comprehensive income	4
Condensed statement of changes in equity	5
Condensed statement of cash flows	6
Notes to the condensed interim financial information	7-14



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1

## **Independent auditors' report on review of condensed interim financial information**

The Board of Directors  
National Hotels Company BSC  
Kingdom of Bahrain

22 October 2020

### ***Introduction***

We have reviewed the accompanying 30 September 2020 condensed interim financial information of National Hotels Company BSC (the "Company") which comprises:

- the condensed statement of financial position as at 30 September 2020;
- the condensed statement of profit or loss for the three-month and nine-month periods ended 30 September 2020;
- the condensed statement of comprehensive income for the three-month and nine-month periods ended 30 September 2020;
- the condensed statement of changes in equity for the nine-month period ended 30 September 2020;
- the condensed statement of cash flows for the nine-month period ended 30 September 2020; and
- notes to the condensed interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information 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 30 September 2020 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

### ***Emphasis of matter***

We draw attention to Note 12 to the condensed interim financial information which describes the effect of the Coronavirus (COVID-19) pandemic on the Company's operations, interim results and its related uncertainties. Our conclusion is not modified in respect of this matter.

### ***Other Matter***


The financial statements of the Company as at and for the year ended 31 December 2019, and the condensed interim financial information for the period ended 30 September 2019, from which the corresponding figures of condensed statement of financial position, condensed statement of profit or loss, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows have been derived, were audited and reviewed by another auditor who issued an unmodified audit opinion and review conclusion on those financial statements and financial information respectively.


## NATIONAL HOTELS COMPANY BSC

CONDENSED STATEMENT OF FINANCIAL POSITION  
as at 30 September 2020

Bahraini Dinars

	Note	30 September 2020 (reviewed)	31 December 2019 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		32,959,096	34,135,204
Investment property		36,362,746	36,798,965
Investment in an associate	3	6,569,271	7,995,852
Investments at fair value through other comprehensive income	4	2,651,343	2,741,251
Investments at fair value through profit or loss	4	-	2,000,000
<b>Total non-current assets</b>		<b>78,542,456</b>	<b>83,671,272</b>
<b>Current assets</b>			
Inventories		82,438	106,798
Investments at fair value through profit or loss	4	2,055,491	61,515
Trade receivables and other assets		373,067	465,104
Bank deposits		2,000,000	1,000,000
Cash and cash equivalents	5	1,666,407	2,029,491
<b>Total current assets</b>		<b>6,177,403</b>	<b>3,662,908</b>
<b>Total assets</b>		<b>84,719,859</b>	<b>87,334,180</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Non-current liabilities</b>			
Employees' end of service benefits		244,199	303,129
<b>Total non-current liabilities</b>		<b>244,199</b>	<b>303,129</b>
<b>Current liabilities</b>			
Trade and other payables		816,984	1,871,877
<b>Total current liabilities</b>		<b>816,984</b>	<b>1,871,877</b>
<b>Total liabilities</b>		<b>1,061,183</b>	<b>2,175,006</b>
<b>EQUITY</b>			
Share capital		12,127,500	12,127,500
Treasury shares		(94,726)	(94,726)
Statutory reserve		5,670,492	5,670,492
General reserve		1,087,579	1,087,579
Investments fair value reserve		2,018,766	2,108,674
Property revaluation reserve		13,391,305	13,391,305
Share of reserves of associate		116,846	181,300
Retained earnings		49,340,914	50,687,050
<b>Total equity</b>		<b>83,658,676</b>	<b>85,159,174</b>
<b>Total liabilities and equity</b>		<b>84,719,859</b>	<b>87,334,180</b>

  
Faisal Ahmed Al Zayani  
Chairman

  
Adel Nahabah Hamadeh  
Vice Chairman and Managing Director

The accompanying notes 1 to 13 form an integral part of this condensed interim financial information

## NATIONAL HOTELS COMPANY BSC

CONDENSED STATEMENT OF PROFIT OR LOSS  
for the nine months ended 30 September 2020

Bahraini Dinars

	Note	Nine months ended 30 September		Three months ended 30 September	
		2020 (reviewed)	2019 (reviewed)	2020 (reviewed)	2019 (reviewed)
Revenue from contracts with customers		1,977,143	4,327,420	465,312	1,372,543
Rent income		844,772	870,124	271,083	283,742
<b>Total revenue</b>		<b>2,821,915</b>	<b>5,197,544</b>	<b>736,395</b>	<b>1,656,285</b>
Operating costs		(2,214,858)	(3,485,967)	(760,898)	(1,209,555)
<b>Gross operating profit / (loss)</b>		<b>607,057</b>	<b>1,711,577</b>	<b>(24,503)</b>	<b>446,730</b>
Share of profit of an associate	3	737,873	1,471,389	188,191	568,772
Dividend income	6	113,394	174,721	1,651	62,978
Interest income		161,243	83,065	53,669	26,619
Change in fair value of investments at fair value through profit or loss	4	(6,024)	7,324	4,408	(2,874)
Other income		244,177	251,781	81,582	75,459
Depreciation		(1,828,869)	(2,079,799)	(607,613)	(693,653)
General and administration expenses		(171,859)	(376,647)	(42,610)	(87,145)
Impairment on financial assets		(2,206)	11,215	-	69,079
<b>(Loss) / profit for the period</b>		<b>(145,214)</b>	<b>1,254,626</b>	<b>(345,225)</b>	<b>465,965</b>
<b>Basic and diluted earnings per share (fils)</b>	7	(1)	10	(3)	4


Faisal Ahmed Al Zayani  
Chairman

Adel Nahabah Hamadeh  
Vice Chairman and Managing Director

The accompanying notes 1 to 13 form an integral part of this condensed interim financial information

## NATIONAL HOTELS COMPANY BSC

CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
for the nine months ended 30 September 2020

Bahraini Dinars

	Nine months ended 30 September		Three months ended 30 September	
	2020 (reviewed)	2019 (reviewed)	2020 (reviewed)	2019 (reviewed)
<b>(Loss) / profit for the period</b>	<b>(145,214)</b>	1,254,626	<b>(345,225)</b>	465,965
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss in subsequent periods:</b>				
- Net movement in fair value of Investments at fair value through other comprehensive income during the period	<b>(89,908)</b>	84,630	<b>3,068</b>	(55,222)
- Share in associates' other comprehensive income	<b>(64,454)</b>	46,848	<b>26,739</b>	(7,305)
<b>Total other comprehensive income for the period</b>	<b>(154,362)</b>	131,478	<b>29,807</b>	(62,527)
<b>Total comprehensive income for the period</b>	<b>(299,576)</b>	1,386,104	<b>(315,418)</b>	403,438

The accompanying notes 1 to 13 form an integral part of these condensed interim financial information.

## NATIONAL HOTELS COMPANY BSC

CONDENSED STATEMENT OF CHANGES IN EQUITY  
for the nine months ended 30 September 2020

Bahraini Dinars

2020 (reviewed)	Share capital	Treasury shares	Statutory reserve	General reserve	Property revaluation reserve	Investments fair value reserve	Share of reserves of associate	Retained earnings	Total equity
Balance at 1 January 2020	12,127,500	(94,726)	5,670,492	1,087,579	13,391,305	2,108,674	181,300	50,687,050	85,159,174
Loss for the period	-	-	-	-	-	-	-	(145,214)	(145,214)
Other comprehensive income	-	-	-	-	-	(89,908)	(64,454)	-	(154,362)
Total comprehensive income for the period	-	-	-	-	-	(89,908)	(64,454)	(145,214)	(299,576)
- Dividends paid for 2019	-	-	-	-	-	-	-	(1,200,922)	(1,200,922)
<b>Balance at 30 September 2020</b>	<b>12,127,500</b>	<b>(94,726)</b>	<b>5,670,492</b>	<b>1,087,579</b>	<b>13,391,305</b>	<b>2,018,766</b>	<b>116,846</b>	<b>49,340,914</b>	<b>83,658,676</b>
2019 (reviewed)	Share capital	Treasury reserve	Statutory reserve	General reserve	Property revaluation reserve	Investments fair value reserve	Share of reserves of associate	Retained earnings	Total equity
Balance at 1 January 2019	11,025,000	(94,726)	5,512,500	1,087,579	13,391,305	2,060,858	102,286	50,369,301	83,454,103
Effect of adopting IFRS 16 by an Associate	-	-	-	-	-	-	-	(1,675)	(1,675)
At 1 January 2019 (restated)	11,025,000	(94,726)	5,512,500	1,087,579	13,391,305	2,060,858	102,286	50,367,626	83,452,428
- Profit for the period	-	-	-	-	-	-	-	1,254,626	1,254,626
- Other comprehensive income	-	-	-	-	-	84,630	46,848	-	131,478
Total comprehensive income for the period	-	-	-	-	-	84,630	46,848	1,254,626	1,386,104
- Issue of bonus shares	1,102,500	-	-	-	-	-	-	(1,102,500)	-
<b>Balance at 30 September 2019</b>	<b>12,127,500</b>	<b>(94,726)</b>	<b>5,512,500</b>	<b>1,087,579</b>	<b>13,391,305</b>	<b>2,145,488</b>	<b>149,134</b>	<b>50,519,752</b>	<b>84,838,532</b>

The accompanying notes 1 to 13 form an integral part of these condensed interim financial information.

## NATIONAL HOTELS COMPANY BSC

CONDENSED STATEMENT OF CASH FLOWS  
for the nine months ended 30 September 2020

Bahraini Dinars

	Note	30 September 2020 (reviewed)	30 September 2019 (reviewed)
<b>Operating activities</b>			
(Loss) / profit for the period		(145,214)	1,254,626
Adjustment for:			
Depreciation		1,828,869	2,079,799
Profit on disposal of property, plant and equipment		-	(431)
Share of profit of an associate	3	(737,873)	(1,471,389)
Change in fair value of investments at FVTPL	4	6,024	(7,324)
Dividend income	6	(113,394)	(174,721)
Interest income		(161,243)	(83,065)
Interest expense		222	2,946
Impairment on financial assets		2,206	(11,215)
Provision for employees' benefits		41,669	41,130
<i>Operating profit before working capital changes</i>		<b>721,266</b>	1,630,356
Change in inventories		24,360	(22,576)
Change in trade and other receivables		92,032	(12,325)
Change in trade and other payables		(1,054,893)	(46,156)
<i>Cash flows (used in) / from operations</i>		<b>(217,235)</b>	1,549,299
Employees' benefits paid		(100,599)	(77,866)
Directors' remuneration paid	9	(156,125)	(119,500)
Charitable contributions paid		(55,000)	(44,000)
<b>Net cash flows (used in) / from operating activities</b>		<b>(528,959)</b>	1,307,933
<b>Investing activities</b>			
Purchase of property, plant and equipment		(386,314)	(567,819)
Dividends received from an associate	3	2,100,000	1,900,000
Dividends received	6	113,394	174,721
Interest received		95,894	85,185
Bank deposits		(500,000)	(1,000,000)
<b>Net cash flows from investing activities</b>		<b>1,422,974</b>	592,087
<b>Financing activities</b>			
Dividends paid		(1,200,922)	-
Finance cost paid		(222)	(2,946)
<b>Net cash used in financing activities</b>		<b>(1,201,144)</b>	(2,946)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(307,129)</b>	1,897,074
Cash and cash equivalents at the beginning of the period		1,933,003	(541,368)
<b>Cash and cash equivalents at the end of the period</b>	5	<b>1,625,874</b>	1,355,706

The accompanying notes 1 to 13 form an integral part of these condensed interim financial information.



## NATIONAL HOTELS COMPANY BSC

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION for the nine months ended 30 September 2020

Bahraini Dinars

#### 1. Reporting entity

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, Commerce and Tourism 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, Residence and Spa, which is managed by Rezidor Hotel Group ("Rezidor") ("Hotel's operator") under a 15-year management agreement dated 20 July 2000. In 2015, the management agreement was amended to extend the period up to 31 December 2030. The Company operates solely in the Kingdom of Bahrain

*Associate:*

The Company has a 33.33% interest in African & Eastern (Bahrain) W.L.L. (2019: 33.33%).

#### 2. Accounting Policies

##### **Basis of preparation**

The interim condensed financial information for the nine months ended 30 September 2020 has been prepared in accordance with International Accounting Standard 34 - "*Interim Financial Reporting*". The interim condensed financial information does not contain all information and disclosures required for the 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 2019. In addition, results for the nine months ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020. In preparing these condensed interim financial information, management make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2019 except for the impact of Coronavirus (COVID-19) outbreak as explained in note 12.

##### **Financial risk management**

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended 31 December 2019. Considering the evolving situation due to the Covid-19 pandemic, the Company has taken enhanced and pre-emptive measures to monitor and mitigate additional risks such as credit, liquidity and operational risks. This includes convening of more frequent meetings of management and board and invoking contingency plans to monitor and respond to all operational and liquidity related matters.

##### **New and amended standards and interpretations**

A number of new standards, amendments and interpretations, which became effective as of 1 January 2020, do not have a material impact on the financial statements of the Company.

##### **Significant accounting policies**

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2019.

**NATIONAL HOTELS COMPANY BSC**
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
for the nine months ended 30 September 2020**

Bahraini Dinars

**3. Investment in an associate**

The Company has a 33.33% (2019: 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 these interim condensed financial information. Movements in the carrying value of the investment were as follows:

	<b>30 September 2020 (reviewed)</b>	<b>31 December 2019 (audited)</b>
Balance at 1 January	7,995,852	7,758,073
Effect of adoption of IFRS 16	-	(1,675)
Balance at 1 January (restated)	<b>7,995,852</b>	7,756,398
Share of profit for the period / year (i)	<b>737,873</b>	2,060,440
Dividends received during the period / year	<b>(2,100,000)</b>	(1,900,000)
Share in associate's other comprehensive income	<b>(64,454)</b>	79,014
	<b>6,569,271</b>	7,995,852

(i) Based on the reviewed condensed interim financial information of African & Eastern (Bahrain) W.L.L., profit of BD 2,213,619 (nine months ended 30 September 2019: BD 4,408,487) was recognised by the associate for the nine months ended 30 September 2020. The Company has recognised a share of profit of BD 737,873 (nine months ended 30 September 2019: BD 1,471,389) in these condensed interim financial information.

**4. Investments**
**Equity investments at FVOCI**

	<b>30 September 2020 (reviewed)</b>	<b>31 December 2019 (audited)</b>
Quoted equity investments	<b>2,300,906</b>	2,392,942
Unquoted equity investments	<b>350,437</b>	348,309
	<b>2,651,343</b>	2,741,251

The movement in the equity investments of FVOCI is as follows:

	<b>30 September 2020 (reviewed)</b>	<b>31 December 2019 (audited)</b>
Balance at 1 January	<b>2,741,251</b>	2,693,435
Change in fair value during the period	<b>(89,908)</b>	47,816
	<b>2,651,343</b>	2,741,251

## NATIONAL HOTELS COMPANY BSC

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
for the nine months ended 30 September 2020

Bahraini Dinars

## 4. Investments (continued)

## Equity investments at FVTPL

	<b>30 September 2020 (reviewed)</b>	<b>31 December 2019 (audited)</b>
Unquoted equity investment (i)	2,000,000	2,000,000
Quoted equity investment	55,491	61,515
	<b>2,055,491</b>	<b>2,061,515</b>

(i) Unquoted equity investment of BD 2,000,000 (2019: BD 2,000,000), represents Restricted Investment Account (RIA) Mudaraba certificates pertaining to underlying investment in International Commodity Murabaha Financing for Corporate (Real Estate) entities with Kuwait Finance House "KFH" – Bahrain portfolio. The RIA Mudaraba Certificates mature on 3 September 2021 and carries a profit rate of 6.5% per annum.

(ii) The movement in the quoted equity investments of FVTPL is as follows:

	<b>30 September 2020 (reviewed)</b>	<b>31 December 2019 (audited)</b>
Balance at 1 January	2,061,515	49,470
Change in fair value during the period	(6,024)	2,012,045
	<b>2,055,491</b>	<b>2,061,515</b>

## 5. Cash and cash equivalents

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

	<b>30 September 2020 (reviewed)</b>	<b>31 December 2019 (audited)</b>
Cash on hand	6,770	7,807
Cash at bank	1,659,637	2,021,684
Bank balances and cash	<b>1,666,407</b>	2,029,491
Restricted cash (i)	(40,533)	(96,488)
Cash and cash equivalents as per the condensed statement of cash flow	<b>1,625,874</b>	<b>1,933,003</b>

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

**NATIONAL HOTELS COMPANY BSC****NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
for the nine months ended 30 September 2020**

Bahraini Dinars

**5. Cash and cash equivalents (continued)**

The Company has two bank overdraft facilities of BD 2 million and BD 500,000, each, to finance working capital requirements that were granted by financial institutions in the Kingdom of Bahrain. Both facilities bear interest of 3.5% per annum above one-month Bahrain Interbank offered rate charged monthly. The facilities have not been drawn during the period and there were no outstanding balances as of 30 September 2020.

**6. Seasonality of results**

Dividend income of BD 113,394 for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: BD 174,721) maybe of a seasonal nature due to usual timing of payments. However, uncertainties arising due to the current Covid-19 related economic conditions, restrictions on travel and social distancing measures has impacted the Company, hotel and leasing operations, leading to decline in occupancy rates and room rates and increase in costs of additional protective measures.

**7. Earnings per share**

	<b>30 September 2020 (reviewed)</b>	30 September 2019 (reviewed)
(Loss) / profit for the peiod	<b>(145,214)</b>	1,254,626
Average shares in issue – net of treasury shares	<b>120,092,217</b>	120,092,217
Basic and diluted earnings per share – in fils	<b>(1)</b>	10

## NATIONAL HOTELS COMPANY BSC

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
for the nine months ended 30 September 2020

Bahraini Dinars

## 8. SEGMENT INFORMATION

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

- Hotel business - Room rental, food and beverage sales, conference and events.
- Office towers - Office rental from two commercial towers.
- Investments and corporate - Income from investments including an associate, current and non-current investments and term deposits and head office expenses.

Segment assets include all operating assets used by a segment and consist primarily of property, plant and equipment, inventories, current and non-current 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 trade and other payables.

30 September (reviewed)	Hotel business		Office towers		Investments and corporate		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenue from contracts with customers	1,977,143	4,327,420	-	-	-	-	1,977,143	4,327,420
Rental income	-	-	844,772	870,124	-	-	844,772	870,124
Gross operating costs	(2,025,093)	(3,255,289)	(189,765)	(230,678)	-	-	(2,214,858)	(3,485,967)
Gross operating profit	(47,950)	1,072,131	655,007	639,446	-	-	607,057	1,711,577
Investment income - net*	-	-	-	-	737,873	1,471,389	737,873	1,471,389
Other Income	-	-	-	-	512,790	516,891	512,790	516,891
Depreciation	(1,392,655)	(1,434,017)	(436,214)	(645,782)	-	-	(1,828,869)	(2,079,799)
General and administration expenses	-	-	-	-	(171,864)	(376,647)	(171,864)	(376,647)
Impairment of financial assets	(2,201)	11,215	-	-	-	-	(2,201)	11,215
(Loss) / profit for the period	(1,442,806)	(350,671)	218,793	(6,336)	1,078,799	1,611,633	(145,214)	1,254,626

\* Including share of profit of associate

30 September	Hotel business		Office towers		Investments and corporate		Total	
	30 September (reviewed)	31 December (audited)	30 September (reviewed)	31 December (audited)	30 September (reviewed)	31 December (audited)	30 September (reviewed)	31 December (audited)
Total assets	33,414,601	34,707,106	36,362,746	36,798,965	14,942,512	15,828,109	84,719,859	87,334,180
Total liabilities	1,032,968	2,163,971	24,808	6,320	3,407	4,715	1,061,183	2,175,006

## NATIONAL HOTELS COMPANY BSC

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
for the nine months ended 30 September 2020

Bahraini Dinars

## 9. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the associate, 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.

30 September 2020 (reviewed)	Share of profit	Purchases	Management fees	Other expenses	Revenues
Shareholder	-	-	-	-	459,558
Associate	737,873	11,886	-	-	-
Management company (Rezidor)	-	-	51,808	11,144	-
Directors	-	-	-	48,148	2,303
	<b>737,873</b>	<b>11,886</b>	<b>51,808</b>	<b>59,292</b>	<b>461,861</b>

30 September 2019 (reviewed)	Share of profit	Purchases	Management fees	Other expenses	Revenues
Shareholder	-	-	-	-	459,558
Associate	1,471,389	78,292	-	-	-
Management company (Rezidor)	-	-	108,408	11,646	-
Directors	-	-	-	135,750	-
	<b>1,471,389</b>	<b>78,292</b>	<b>108,408</b>	<b>147,396</b>	<b>459,558</b>

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

	Trade and other receivables		Trade and other payables	
	30 September 2020 (reviewed)	31 December 2019 (audited)	30 September 2020 (reviewed)	31 December 2019 (audited)
Associate	-	870	1,299	17,519
Management Company (Rezidor)	4,030	17,997	38,164	96,522
Directors	2,256	1,136	19,648	156,125
	<b>6,286</b>	<b>20,003</b>	<b>59,111</b>	<b>270,166</b>

**Terms and conditions of transactions with related parties**

Outstanding balances at the period-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.

Directors' remuneration charged to interim statement of profit or loss during the nine months period ended 30 September 2020 amounted to BD 19,648 (30 September 2019: 98,250). Further, the directors' remuneration related to year ended 31 December 2019 paid during the nine months period ended amounted to BD 156,125 (30 September 2019: BD 119,500 related to year ended 31 December 2018).

## NATIONAL HOTELS COMPANY BSC

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
for the nine months ended 30 September 2020

Bahraini Dinars

## 9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

**Compensation of key management personnel**

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

	<b>30 September 2020 (reviewed)</b>	30 September 2019 (reviewed)
Short-term benefits	<b>59,850</b>	115,275
Post-employment benefits	<b>1,725</b>	1,434
	<b>61,575</b>	116,709

**10. Appropriations**

At the shareholders' annual general meeting held on 26 March 2020, the shareholders of the Company resolved to distribute cash dividends of 10 fils per share totaling BD 1,200,922 that was paid in April 2020 (April 2019: BD Nil).

**11. Fair Value Measurement**

The Company held the following classes of assets measured at fair value:

<b>30 September 2020 (reviewed)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Measured at Fair Value:				
Investment at FVOCI	<b>2,300,906</b>	-	<b>350,437</b>	<b>2,651,343</b>
Investments at FVTPL	<b>55,491</b>	-	<b>2,000,000</b>	<b>2,055,491</b>
<b>30 September 2019 (reviewed)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Measured at Fair Value:				
Investment at FVOCI	2,392,942	-	348,309	2,741,251
Investments at FVTPL	61,515	-	2,000,000	2,061,515

Fair value of financial instruments is estimated based on the following methods and assumptions:

- Cash and bank balances, term deposits, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these financial instruments.
- The fair values of the quoted investments are determined by reference to published price quotations in an active market.
- The fair values of unquoted equity investments have been estimated using other appropriate valuation techniques, and using of recent arm's length market transactions, or current fair value of another similar instrument as applicable.

During the periods ended 30 September 2020 and year ended 31 December 2019, there have been no transfers between Level 1, Level 2 and Level 3 fair value hierarchy.

**NATIONAL HOTELS COMPANY BSC****NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION****for the nine months ended 30 September 2020**

Bahraini Dinars

*11. Fair Value Measurement (continued)*

There is no movement in the unquoted equity shares and revalued freehold land, therefore, reconciliation of Level 3 fair value hierarchy is not disclosed. For fair value hierarchy and disclosure of fair value information for assets for which fair value is required to be disclosed, refer to note 4.

**12. Impact of COVID-19**

On 11 March 2020, the COVID 19 outbreak was declared a pandemic by the World Health Organization (WHO) and has rapidly evolved globally. This has resulted in a global economic slowdown with uncertainties in the economic environment. Global equity and commodity markets have also experienced great volatility and a significant drop in prices. Authorities have taken various measures to contain the spread including implementation of travel restrictions and quarantine measures. The pandemic as well as the resulting measures and policies have had some impact on the Company. The Company is actively monitoring the COVID 19 situation, and in response to this outbreak, has activated its business continuity plan and various other risk management practices to manage the potential business disruption on its operations and financial performance.

Governments and central banks across the world have responded with monetary and fiscal interventions to stabilize economic conditions. The Government of Kingdom of Bahrain has announced various economic stimulus programmes ("Packages") to support businesses in these challenging times. The Company has received some benefits from these Packages mainly in the form of temporary waiver of Electricity and Water Authority utility bills, Government levy and partial reimbursement of salaries of employees from the Unemployment Fund.

Included in statement of profit or loss is BD 131,711 of government support received relating to supporting the payroll of Company's employees, BD 119,765 relating to utility bills and BD 43,422 relating to Government levy. The Company has elected to present this support by reducing the related expense.

With the Hotel and residential apartments operating at sub-optimal levels, coupled with the lack of sufficient demand, and un-remunerative room rates, COVID-19 has had an adverse impact on the Company's financials, as follows:

- A decline of BD 2.35 million in revenues from the hotel business, as compared to the same period last year resulting from a decline in occupancy, several guest cancellations and reduction in rates offered to attract any limited business that prevails during this period.
- A reduction of BD 160,386 in value of equity investments during the period.
- A decline in the share of profits from an associate by BD 733,516, resulting from the COVID-19 negative impact on the associate's operations.

The above has resulted in the Company recording an unprecedented net loss of BD 145,214 for the period, compared with a net profit of BD 1,254,626 for the same period last year.

The management and the Board of Directors (BOD) have been closely monitoring the potential impact of the COVID 19 developments on the Company's operations and financial position; including possible loss of revenue, impact on asset valuations, impairment, review of onerous contracts, outsourcing arrangements etc. Based on their assessment, the BOD is of the view that the Company will continue as a going concern entity for the next 12 months from the date of this condensed interim financial information.

In preparing the condensed interim financial information, judgements made by management in applying the Company's accounting policies and sources of estimation are subject to uncertainty regarding the potential impacts of the current economic volatility and these are considered to represent management's best assessment based on available or observable information.

**13. Comparative Information**

Certain comparative information has been reclassified to conform to the current period presentation. Such reclassifications do not affect previously reported profit or equity.