

**National Hotels Company B.S.C.**

**INTERIM CONDENSED  
FINANCIAL STATEMENTS**

**31 MARCH 2016 (REVIEWED)**



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## **REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS 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 31 March 2016, comprising of the interim statement of financial position as at 31 March 2016 and the related interim statement of profit or loss, interim statement of other comprehensive income, interim statement of changes in equity and interim statement of cash flows 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 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  
14 April 2016  
Manama, Kingdom of Bahrain

**National Hotels Company B.S.C.**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
 At 31 March 2016 (Reviewed)

		31 March 2016 Reviewed BD	31 December 2015 Audited BD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	76,396,348	76,818,063
Investment in an associate	4	6,365,304	6,872,407
Available-for-sale investments	5	2,918,493	2,995,215
<b>Total non-current assets</b>		<b>85,680,145</b>	<b>86,685,685</b>
<b>Current assets</b>			
Inventories		88,091	75,057
Held-for-trading investments		39,118	42,931
Trade and other receivables		846,044	647,482
Bank balances and cash	6	7,534,876	8,252,055
<b>Total current assets</b>		<b>8,507,929</b>	<b>7,017,525</b>
<b>TOTAL ASSETS</b>		<b>94,188,074</b>	<b>93,703,210</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	8	11,025,000	11,025,000
Treasury shares		(84,726)	(84,726)
Statutory reserve		5,512,500	5,512,500
General reserve		2,190,079	2,190,079
Revaluation reserve		35,604,343	35,604,343
Available-for-sale investments reserve		2,307,841	2,426,752
Retained earnings		28,202,540	27,079,711
Proposed dividend	8	-	1,310,097
<b>Total equity</b>		<b>84,747,577</b>	<b>85,053,756</b>
<b>Non-current liabilities</b>			
Employees' and of service benefits		385,716	362,320
Term loan		3,108,042	3,729,651
<b>Total non-current liabilities</b>		<b>3,493,758</b>	<b>4,091,971</b>
<b>Current liabilities</b>			
Trade and other payables		3,460,303	2,071,047
Current portion of term loan		2,488,436	2,488,436
<b>Total current liabilities</b>		<b>5,948,739</b>	<b>4,559,483</b>
<b>Total liabilities</b>		<b>9,442,497</b>	<b>8,651,454</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>94,188,074</b>	<b>93,703,210</b>

  
 Faisal Ahmed Al Zayani  
 Chairman

  
 Ayad Abdulla Ahmed Al Sumait  
 Vice Chairman and Managing Director

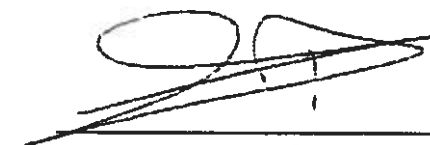
The attached notes 1 to 13 form part of these interim condensed financial statements.

**National Hotels Company B.S.C.**  
**INTERIM STATEMENT OF PROFIT OR LOSS**  
For the three months ended 31 March 2016 (Reviewed)

	Note	Three months ended 31 March	
		2016 Reviewed BD	2015 Reviewed BD
Gross operating revenue		2,407,324	2,689,420
Gross operating costs		(1,252,003)	(1,341,735)
<b>GROSS OPERATING PROFIT</b>		<b>1,155,321</b>	<b>1,347,685</b>
Net investment income:			
Share of profit from an associate	4	535,086	338,585
Dividend income	7	92,036	84,225
Interest on term deposits		8,456	6,850
Net changes in cumulative fair value of held-for-trading investments		(3,813)	(192)
		<b>631,765</b>	<b>427,468</b>
Miscellaneous income		62,614	64,760
Depreciation		(501,019)	(491,683)
General and administration expenses		(167,098)	(176,851)
Financial charges		(58,754)	(72,203)
Loss on write-off of property, plant and equipment	3	-	(25,411)
<b>PROFIT FOR THE PERIOD</b>		<b>1,122,829</b>	<b>1,073,765</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (In fils)</b>	9	<b>10</b>	<b>10</b>



Faisal Ahmed Al Zayani  
Chairman



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 OTHER COMPREHENSIVE INCOME**

For the three months ended 31 March 2016 (Reviewed)

		<i>Three months ended</i>	
		<i>31 March</i>	
		<b>2016</b>	<b>2015</b>
		<i>Reviewed</i>	<i>Reviewed</i>
<i>Note</i>		<i>BD</i>	<i>BD</i>
	Profit for the period	<b>1,122,829</b>	<b>1,073,765</b>
	<b>Other comprehensive (loss) income</b>		
	<i>Other comprehensive (loss) 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	<b>(76,722)</b>	<b>83,670</b>
5			
	Share in associate's cumulative changes in fair values	<b>(42,189)</b>	<b>29,837</b>
4			
	<b>Other comprehensive (loss) income for the period</b>	<b>(118,911)</b>	<b>113,507</b>
	<b>Total comprehensive income for the period</b>	<b>1,003,918</b>	<b>1,187,272</b>



Faisal Ahmed Al Zayani  
Chairman



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 CHANGES IN EQUITY**  
For the three months ended 31 March 2016 (Reviewed)

	Share capital	Treasury shares	Statutory reserve	General reserve	Revaluation reserve	Available-for-sale investments reserve	Retained earnings	Proposed dividend	Total
	BD	BD	BD	BD	BD	BD	BD	BD	BD
As at 1 January 2016	11,025,000	(94,726)	5,512,500	2,190,079	35,604,343	2,426,752	27,079,711	1,310,097	85,053,756
Profit for the period	-	-	-	-	-	-	1,122,829	-	1,122,829
Other comprehensive loss for the period	-	-	-	-	(118,911)	-	-	-	(118,911)
Total comprehensive (loss) income for the period	-	-	-	-	-	(118,911)	1,122,829	-	1,003,918
Dividend declared (note 8)	-	-	-	-	-	-	-	(1,310,097)	(1,310,097)
<b>As at 31 March 2016 (reviewed)</b>	<b>11,025,000</b>	<b>(94,726)</b>	<b>5,512,500</b>	<b>2,190,079</b>	<b>35,604,343</b>	<b>2,307,841</b>	<b>28,202,540</b>	<b>-</b>	<b>84,747,577</b>
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	-	-	-	-	-	-	1,073,765	-	1,073,765
Other comprehensive income for the period	-	-	-	-	-	113,507	-	-	113,507
Total comprehensive income for the period	-	-	-	-	-	113,507	1,073,765	-	1,187,272
Issue of bonus shares (note 8)	525,000	-	-	-	-	-	-	(525,000)	-
Dividend declared and paid (note 8)	-	-	-	-	-	-	-	(1,039,759)	(1,039,759)
<b>As at 31 March 2015 (reviewed)</b>	<b>11,025,000</b>	<b>(94,726)</b>	<b>5,250,000</b>	<b>2,190,079</b>	<b>35,604,343</b>	<b>2,211,324</b>	<b>25,952,850</b>	<b>-</b>	<b>82,138,870</b>

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 three months ended 31 March 2016 (Reviewed)

	Note	Three months ended 31 March	
		2016 Reviewed BD	2015 Reviewed BD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		1,122,829	1,073,765
Adjustments for:			
Depreciation		501,019	491,683
Loss on write-off of property, plant and equipment	3	-	25,411
Share of profit from an associate	4	(535,086)	(336,585)
Net changes in cumulative fair value of held-for-trading investments		3,813	192
Dividend income	7	(92,036)	(84,225)
Interest on term deposits		(8,456)	(6,850)
Provision for employees' end of service benefits		26,276	13,866
Operating profit before working capital changes		1,018,359	1,177,257
Working capital changes:			
Inventories		(13,034)	(1,911)
Trade and other receivables		(198,562)	(141,587)
Trade and other payables		104,494	(42,983)
Cash flows from operations		911,257	990,776
Employees' end of service benefits paid		(2,880)	(8,901)
Directors' remuneration paid	11	(25,000)	(50,000)
Net cash flows from operating activities		883,377	931,875
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(79,304)	(74,814)
Dividends received from an associate	4	1,000,000	700,000
Other dividends received		92,036	84,225
Interest received		8,456	6,850
Net cash flows from investing activities		1,021,188	716,261
<b>FINANCING ACTIVITY</b>			
Repayments of term loan and cash flow used in financing activity		(621,609)	(621,609)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1,282,956</b>	<b>1,026,527</b>
Cash and cash equivalents at 1 January		6,040,512	4,669,281
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	6	<b>7,323,468</b>	<b>5,695,808</b>

### Non-cash items:

- (i) Liabilities towards acquisition of property, plant and equipment to the extent of BD 101,821 (31 March 2015: BD 166,264) with no movement during the period (31 March 2015: net decrease of BD 22,051) were not settled as of the date of interim statement of financial position.
- (ii) Unclaimed dividends pertaining to prior years amounting to BD 211,208 (31 March 2015: BD 220,094) with a net decrease of BD 335 (31 March 2015: BD 1,305) has been excluded from the movement of trade and other payables.
- (iii) Declared dividends pertaining to year ended 31 December 2015 amounting to BD 1,310,097 (31 December 2014: BD 1,039,759) 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.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2016 (Reviewed)

### 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. 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. (2015: 33.33%).

The interim condensed financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 14 April 2016.

### 2 ACCOUNTING POLICIES

#### **Basis of preparation**

The interim condensed financial statements for the three months ended 31 March 2016 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 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 2015. In addition, results for the three months ended 31 March 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

#### **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 2015, except for the adoption of new standards effective as of 1 January 2016.

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

#### *Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments did not have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.



# National Hotels Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2016 (Reviewed)

### 2 ACCOUNTING POLICIES (continued)

#### Significant accounting policies (continued)

##### *Amendments to IAS 27: Equity Method in Separate Financial Statements*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. These amendments did not have any impact on the Company's interim condensed financial statements.

##### *Annual Improvements 2012-2014 Cycle: IAS 34 Interim Financial Reporting*

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment did not have any impact on the Company's interim condensed financial statements.

The following other new standards and amendments apply for the first time in 2016. However, they do not impact the annual financial statements of the Company or the interim condensed financial statements of the Company.

- *IFRS 14 - Regulatory Deferral Accounts;*
- *IFRS 11 - Joint Arrangements;*
- *IAS 16 and IAS 41 - Property, plant and equipment and Agriculture;*
- *IAS 1 - Presentation of Financial Statements; and*
- *IFRS 10, IFRS 12 and IAS 28 - Consolidated Financial Statements, Disclosure of Interest in other Entities and Investments in Associates and Joint Ventures.*

##### *Annual Improvements 2012 - 2014 Cycle*

- *IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations;*
- *IFRS 7 - Financial Instruments: Disclosures; and*
- *IAS 19 - Employee Benefits.*

### 3 PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2016, the Company incurred BD 79,304 (three months ended 31 March 2015: BD 61,586, year ended 31 December 2015: BD 239,887) on its various capital expenditure projects.

No assets were written off by the Company during the three months ended 31 March 2016 (three months ended 31 March 2015: assets with a net book value of BD 25,411 were written off by Company, year ended 31 December 2015: assets with a net book value of BD 101,294 were written off by the Company).

### 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.

# National Hotels Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2016 (Reviewed)

### 4 INVESTMENT IN AN ASSOCIATE (continued)

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

	<b>31 March 2016 Reviewed BD</b>	<b>31 December 2015 Audited BD</b>	<b>31 March 2015 Reviewed BD</b>
Balance at 1 January	6,872,407	6,228,485	6,228,485
Share of profit during the period / year *	535,086	1,628,772	336,585
Dividends received during the period / year	(1,000,000)	(1,000,000)	(700,000)
Share in associate's cumulative changes in fair values	(42,189)	15,150	29,837
	<b>6,365,304</b>	<b>6,872,407</b>	<b>5,894,907</b>

\* Based on the approved management accounts of African & Eastern (Bahrain) W.L.L., profit of BD 1,605,419 (31 March 2015: BD 1,009,856) was recognised for the three months ended 31 March 2016. The Company has recognised profit of BD 535,086 (31 March 2015: BD 336,585) in these interim condensed financial statements representing their 33.33% share.

### 5 AVAILABLE-FOR-SALE INVESTMENTS

	<b>31 March 2016 Reviewed BD</b>	<b>31 December 2015 Audited BD</b>
Equity investments:		
Quoted investments	2,607,693	2,684,415
Unquoted investments (at cost)*	310,800	310,800
	<b>2,918,493</b>	<b>2,995,215</b>

\* 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 investments is as follows:

	<b>31 March 2016 Reviewed BD</b>	<b>31 December 2015 Audited BD</b>	<b>31 March 2015 Reviewed BD</b>
Balance at 1 January	2,684,415	2,370,630	2,370,630
Unrealised (loss) gain on available for sale investments	(76,722)	313,785	83,670
	<b>2,607,693</b>	<b>2,684,415</b>	<b>2,454,300</b>

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

31 March 2016 (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:

	<b>31 March 2016 Reviewed BD</b>	<b>31 December 2015 Audited BD</b>	<b>31 March 2015 Reviewed BD</b>
Cash on hand	8,444	7,417	8,040
Cash at bank	4,682,623	3,409,293	3,092,524
Term deposits	2,843,609	2,835,345	2,815,338
Bank balances and cash	<u>7,534,676</u>	<u>6,252,055</u>	<u>5,915,902</u>
Restricted cash	<u>(211,208)</u>	<u>(211,543)</u>	<u>(220,094)</u>
Cash and cash equivalents as per the interim statement of cash flows	<u><u>7,323,468</u></u>	<u><u>6,040,512</u></u>	<u><u>5,695,808</u></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 a commercial bank in the Kingdom of Bahrain with an average effective interest rate of 1.18% (31 March 2015: 0.97%). These term deposits have original maturities of one month (31 December 2015: same).

#### 7 SEASONALITY OF RESULTS

Dividend income of BD 92,036 for the three months ended 31 March 2016 (for the three months ended 31 March 2015: BD 84,225) is of a seasonal nature.

#### 8 EQUITY

##### Share capital

The authorised, issued and paid-up share capital consists of 110,250,000 shares of BD 0.100 each (31 December 2015: 110,250,000 shares of BD 0.100 each).

The issued and paid-up share capital was not increased during the period ended 31 March 2016 (31 March 2015: increased by BD 525,000).

##### Dividends

At the annual general meeting of the shareholders held on 30 March 2016, the shareholders of the Company resolved to distribute cash dividends of 12 fils per share totalling BD 1,310,097 from the retained earnings (31 March 2015: cash dividends of 10 fils per share amounting to BD 1,039,759 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).

## National Hotels Company B.S.C.

### NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2016 (Reviewed)

#### 9 EARNINGS PER SHARE

	<i>For the three months ended</i>	
	<i>31 March 2016 Reviewed</i>	<i>31 March 2015 Reviewed</i>
Profit for the period – BD	<u>1,122,829</u>	<u>1,073,765</u>
Average shares in issue - net of treasury shares	<u>109,174,743</u>	<u>109,174,743</u>
Basic and diluted earnings per share - in fils	<u>10</u>	<u>10</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

31 March 2016 (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 an 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 31 March	Hotel business and corporate		Office towers		Investments		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed
Gross operating revenue	2,152,678	2,461,233	254,646	228,187	-	-	2,407,324	2,689,420
Gross operating costs	(1,200,740)	(1,271,503)	(51,263)	(70,232)	-	-	(1,252,003)	(1,341,735)
Gross operating profit	951,938	1,189,730	203,383	157,955	-	-	1,155,321	1,347,685
Investment income (net)	-	-	-	-	631,765	427,468	631,765	427,468
Other income	62,614	64,760	-	-	-	-	62,614	64,760
Depreciation	(285,946)	(279,943)	(215,073)	(211,740)	-	-	(501,019)	(491,683)
Expenses	(167,098)	(202,262)	-	-	-	-	(167,098)	(202,262)
Financial charges	(16)	(137)	(58,738)	(72,066)	-	-	(58,754)	(72,203)
Profit (loss) for the period	561,492	772,148	(70,428)	(125,851)	631,765	427,468	1,122,829	1,073,765

National Hotels Company B.S.C.  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
 31 March 2016 (Reviewed)

**10 SEGMENT INFORMATION (continued)**

	Hotel business and corporate		Office towers		Investments		Total	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited
	BD	BD	BD	BD	BD	BD	BD	BD
Total assets	50,078,262	50,297,865	27,252,221	27,242,737	16,857,591	16,162,608	94,188,074	93,703,210
Total liabilities	3,539,216	2,124,787	5,901,281	6,524,667	-	-	9,440,497	8,649,454
Capital expenditure	79,304	176,635	-	63,252	-	-	79,304	239,887

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.

**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:

	For the three months ended 31 March 2016 (Reviewed)		For the three months ended 31 March 2015 (Reviewed)	
	Revenue	and other income	Revenue	and other income
	BD	BD	BD	BD
Associated company	36,413	-	28,055	58
Management Company (Rezidor)	-	64,020	-	8,570
Directors	-	9,750	-	2,932
	36,413	64,020	28,055	11,560
	18,572	7,175	87,848	9,750
	8,822	4,218	87,848	9,750
	9,750	2,957	-	9,750
	18,572	7,175	28,055	11,560
	8,822	4,218	87,848	9,750
	9,750	2,957	-	9,750
	18,572	7,175	28,055	11,560

# National Hotels Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2016 (Reviewed)

### 11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	31 March 2016		31 December 2015	
	<i>Receivables Reviewed BD</i>	<i>Payables Reviewed BD</i>	<i>Receivables Audited BD</i>	<i>Payables Audited BD</i>
Associated company	-	5,082	-	10,528
Management Company (Rezidor)	4,431	151,096	13,293	213,570
Directors	-	154,000	-	179,000
	<b>4,431</b>	<b>310,178</b>	<b>13,293</b>	<b>403,098</b>

#### 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.

No directors' remuneration was charged to interim statement of profit or loss during the period ended 31 March 2016 (31 March 2015: same). Further, the directors' remuneration paid during the period amounted to BD 25,000 (31 March 2015: BD 50,000).

#### 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	
	<i>31 March 2016 Reviewed BD</i>	<i>31 March 2015 Reviewed BD</i>
Short-term benefits	43,126	71,070
Post-employment benefits	10,795	3,513
	<b>53,921</b>	<b>74,583</b>

### 12 COMMITMENTS

No future capital expenditure was authorised as of 31 March 2016 and 31 March 2015.

# National Hotels Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2016 (Reviewed)

### 13 FAIR VALUE MEASUREMENT

As at 31 March 2016, 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 prices in active markets (Level 1) BD</i>	<i>Significant observable inputs (Level 2) BD</i>	<i>Significant unobservable inputs (Level 3) BD</i>	<i>Total BD</i>
<b>Assets measured at fair value:</b>					
<i>Available-for-sale investments</i>	<i>31 March 2016</i>	<b>2,607,693</b>	-	-	<b>2,607,693</b>
<i>Held-for-trading investments</i>	<i>31 March 2016</i>	<b>39,118</b>	-	-	<b>39,118</b>
<i>Revalued freehold land</i>	<i>31 March 2016</i>	-	-	<b>36,171,650</b>	<b>36,171,650</b>

As at 31 December 2015, 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 prices in active markets (Level 1) BD</i>	<i>Significant observable inputs (Level 2) BD</i>	<i>Significant unobservable inputs (Level 3) BD</i>	<i>Total BD</i>
<b>Assets measured at fair value:</b>					
<i>Available-for-sale investments</i>	<i>31 December 2015</i>	<b>2,684,415</b>	-	-	<b>2,684,415</b>
<i>Held-for-trading investments</i>	<i>31 December 2015</i>	<b>42,931</b>	-	-	<b>42,931</b>
<i>Revalued freehold land</i>	<i>9 March 2015</i>	-	-	<b>36,171,650</b>	<b>36,171,650</b>

During the reporting periods ended 31 March 2016 and 31 March 2015 and year ended 31 December 2015, 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, term 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.