

National Hotels Company B.S.C.

**INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 JUNE 2013 (UNAUDITED)

REVIEW REPORT 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 30 June 2013, comprising of the interim statement of financial position as at 30 June 2013 and the related interim statements of income, comprehensive income, cash flows and changes in equity for the six months period then ended and explanatory information. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with 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.



13 August 2013
Manama, Kingdom of Bahrain

National Hotels Company B.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION

at 30 June 2013 (Unaudited)

		30 June 2013 Unaudited BD	31 December 2012 Audited BD
ASSETS			
Non-current assets			
Property, plant and equipment		70,975,022	72,968,905
Investment in an associate	3	5,398,196	5,289,027
Available-for-sale investments	4	2,360,698	2,012,076
Total non-current assets		78,733,916	80,270,008
Current assets			
Inventories		55,015	56,892
Held-for-trading investments		50,471	397,412
Trade and other receivables		745,387	696,886
Bank balances and cash	5	5,827,646	5,741,582
Total current assets		6,678,519	6,892,772
TOTAL ASSETS		85,412,435	87,162,780
EQUITY AND LIABILITIES			
Equity			
Share capital		10,000,000	10,000,000
Treasury shares		(94,726)	(94,726)
Statutory reserve		5,000,000	5,000,000
General reserve		3,215,079	3,215,079
Revaluation reserve		27,382,813	27,382,813
Available-for-sale investments reserve		1,716,059	1,397,172
Retained earnings		23,186,942	21,560,621
Proposed dividend		-	990,247
Total equity		70,406,167	69,451,206
Non-current liabilities			
Employees' end of service benefits		263,167	228,074
Borrowings		9,407,013	10,648,429
Total non-current liabilities		9,670,180	10,876,503
Current liabilities			
Trade and other payables		2,310,924	3,808,105
Borrowings		3,025,164	3,026,966
Total current liabilities		5,336,088	6,835,071
Total liabilities		15,006,268	17,711,574
TOTAL EQUITY AND LIABILITIES		85,412,435	87,162,780



Abdul Latif Ahmed Al Zayani
Director and Chairman-Executive Committee



Ayad Abdulla Ahmed Al Sumait
Vice Chairman and Managing Director

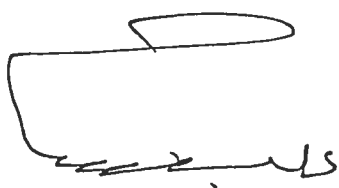
The attached notes 1 to 10 form part of these interim condensed financial statements.

National Hotels Company B.S.C.

INTERIM STATEMENT OF INCOME

For the six months period ended 30 June 2013 (unaudited)

	Note	Three months period ended		Six months period ended	
		30 June		30 June	
		2013 BD	2012 BD	2013 BD	2012 BD
Gross operating revenue		2,119,138	1,760,071	4,380,773	3,321,394
Gross operating costs		(1,131,190)	(973,538)	(2,206,536)	(1,842,420)
GROSS OPERATING PROFIT		987,948	786,533	2,174,237	1,478,974
Net Investment income:					
Share of result from an associate	3	292,024	287,151	585,904	521,770
Dividend income		6,119	5,445	91,909	89,114
Net changes in cumulative fair value of held-for-trading investments		613	(29,230)	1,347	5,229
Profit on disposal of held-for-trading investments		-	0	25,584	-
Interest on term deposits		20,597	26,386	42,912	34,767
		319,353	289,752	747,656	650,880
Miscellaneous income		67,153	66,262	134,350	137,366
Income from office towers		26,850	-	50,340	-
Depreciation		(478,349)	(389,814)	(965,065)	(674,302)
General and administration expenses		(116,099)	(87,763)	(272,016)	(245,897)
Finance costs		(119,318)	(73,971)	(243,181)	(73,971)
PROFIT FOR THE PERIOD		687,538	590,999	1,626,321	1,273,050
BASIC AND DILUTED EARNINGS PER SHARE (fils)	8	6.94	5.97	16.42	12.86



Abdul Latif Ahmed Al Zayani
Director and Chairman-Executive Committee



Ayad Abdulla Ahmed Al Sumait
Vice Chairman and Managing Director

National Hotels Company B.S.C.

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended 30 June 2013 (unaudited)

	Note	Three months period ended 30 June		Six months period ended 30 June	
		2013	2012	2013	2012
		BD	BD	BD	BD
Profit for the period		687,538	590,999	1,626,321	1,273,050
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	4	251,008	111,559	348,622	55,779
Share in associate's cumulative changes in fair values	3	(22,119)	(763)	(29,735)	10,432
Other comprehensive income for the period		228,889	110,796	318,887	66,211
Total comprehensive income for the period		916,427	701,795	1,945,208	1,339,261

The attached notes 1 to 10 form part of these interim condensed financial statements.

National Hotels Company B.S.C.

INTERIM STATEMENT OF CASH FLOWS

For the six months period ended 30 June 2013 (unaudited)

		<i>Six months period ended 30</i>	
		<i>June</i>	
		2013	2012
		Unaudited	Unaudited
<i>Note</i>		BD	BD
OPERATING ACTIVITIES			
	Profit for the period	1,626,321	1,273,050
	Adjustments for:		
	Depreciation	965,065	674,302
	Share of result from an associate	(585,904)	(521,770)
	Provision for employees' end of service benefits	39,560	38,744
	Net change in the value of held-for-trading investments	(1,347)	(5,229)
	Profit on disposal of held-for-trading investments	(25,584)	-
	Interest on term deposits	(42,912)	(34,767)
	Dividend income	(91,909)	(89,114)
		1,883,290	1,335,216
	Working capital changes:		
	Inventories	1,877	(3,357)
	Trade and other receivables	(48,501)	(50,067)
	Trade and other payables	228,552	(80,650)
		2,065,218	1,201,142
	Directors' remuneration paid	(144,000)	(144,000)
	Charity contributions paid	(55,000)	(43,000)
	Employees' end of service benefits paid	(4,467)	(6,750)
	Net cash flows from operating activities	1,861,751	1,007,392
INVESTING ACTIVITIES			
	Purchase of property, plant and equipment	(512,060)	(924,347)
	Dividends received from an associate	447,000	320,000
	Other dividends received	91,909	89,114
	Proceeds from disposal of held-for-trading investments	373,872	-
	Interest received	42,912	34,767
	Term deposits with original maturities greater than 3 months (net)	4,525,445	1,693,719
	Net cash flows from investing activities	4,969,078	1,213,253
FINANCING ACTIVITIES			
	Proceeds from borrowings	-	4,716,234
	Repayments of borrowings	(1,243,218)	(2,214,244)
	Dividends paid	(990,247)	(990,247)
	Net cash flows (used in) from financing activities	(2,233,465)	1,511,743
	INCREASE IN CASH AND CASH EQUIVALENTS	4,597,364	3,732,388
	Cash and cash equivalents at 1 January	1,005,263	209,194
	CASH AND CASH EQUIVALENTS AT 30 JUNE	5,602,627	3,941,582

Non-cash items

- (i) Liabilities towards acquisition of property, plant and equipment to the extent of BD 335,123 (30 June 2012: BD 2,458,048) were not settled as of the date of interim statement of financial position.
- (ii) Unclaimed dividends pertaining to prior years amounting to BD 225,019 (30 June 2012: BD 239,881) has been excluded from the movement of trade and other payables.

The attached notes 1 to 10 form part of these interim condensed financial statements.

National Hotels Company B.S.C.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2013 (unaudited)

	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 BD
Balance at 1 January 2013	10,000,000	(94,726)	5,000,000	3,215,079	27,382,813	1,397,172	21,560,621	990,247	69,451,206
Profit for the period	-	-	-	-	-	-	1,626,321	-	1,626,321
Other comprehensive income for the period	-	-	-	-	-	318,887	-	-	318,887
Total comprehensive income for the period	-	-	-	-	-	318,887	1,626,321	-	1,945,208
Dividends paid (note 7)	-	-	-	-	-	-	-	(990,247)	(990,247)
Balance at 30 June 2013 (Unaudited)	10,000,000	(94,726)	5,000,000	3,215,079	27,382,813	1,716,059	23,186,942	-	70,406,167
Balance at 1 January 2012	10,000,000	(94,726)	4,819,216	3,215,079	27,382,813	1,242,479	20,693,540	990,247	68,248,648
Profit for the period	-	-	-	-	-	-	1,273,050	-	1,273,050
Other comprehensive income for the period	-	-	-	-	-	66,211	-	-	66,211
Total comprehensive income for the period	-	-	-	-	-	66,211	1,273,050	-	1,339,261
Dividends paid (note 7)	-	-	-	-	-	-	-	(990,247)	(990,247)
Balance at 30 June 2012 (Unaudited)	10,000,000	(94,726)	4,819,216	3,215,079	27,382,813	1,308,690	21,966,590	-	68,597,662

The attached notes 1 to 10 form part of these interim condensed financial statements.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2013 (Unaudited)

1 ACTIVITIES

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 postal address of the Company's registered head office is P.O. Box 5243, Manama, 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.

The interim condensed financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 13 August 2013.

2 ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements for the six months period ended 30 June 2013 have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" and in conformity with the Bahrain Commercial Companies Law, applicable requirements of the Central Bank of Bahrain Rule Book and rules and procedures of the Bahrain Bourse.

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 2012. In addition, results for the six months period ended 30 June 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

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 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

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

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Company's financial position or performance.

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. As a result of this amendment, the Company now also includes disclosure of total segment liabilities. See Note 9.

2 ACCOUNTING POLICIES (continued)

IFRS 7 Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Company is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Company.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the investments held by the Company.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. The application of this new standard has no impact on the financial performance of the Company.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Company has not made such disclosures.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed financial statements period. The Company provides these disclosures in Note 4.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual financial statements of the Company or the interim condensed financial statements of the Company.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2013 (Unaudited)

3 INVESTMENT IN AN ASSOCIATE

The Company has a 33.35% interest in African & Eastern (Bahrain) W.L.L., which is incorporated in the Kingdom of Bahrain and involved in the business of investment in bonds and shares as well as importing and selling consumer products. The entity is not listed on any public exchange.

The movements during the period / year are as follows:

	30 June 2013 Unaudited BD	31 December 2012 Audited BD
At 1 January	5,289,027	4,665,596
Share of result during the period / year	585,904	1,120,297
Dividends received during the period / year	(447,000)	(540,000)
Share of changes to associate's cumulative changes in fair values	(29,735)	43,134
	5,398,196	5,289,027

4 AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2013 Unaudited BD	31 December 2012 Audited BD
Equity investments:		
Quoted investments	2,049,898	1,701,276
Unquoted investments (at cost)*	310,800	310,800
	2,360,698	2,012,076

*The unquoted investments are carried at cost, as fair value cannot be reliably determined due to the unpredictable nature of future cash flows.

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

	<i>For the six months ended 30 June 2013 Unaudited BD</i>	<i>For the year ended 31 December 2012 Audited BD</i>	<i>For the six months ended 30 June 2012 Unaudited BD</i>
Opening balance	1,701,276	1,589,717	1,589,717
Unrealised gain on available for sale investments	348,622	111,559	55,779
Closing balance	2,049,898	1,701,276	1,645,496

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2013 (Unaudited)

4 AVAILABLE-FOR-SALE INVESTMENTS (continued)

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All quoted 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.

During the six months reporting periods ended 30 June 2013 and 30 June 2012 and the year ended 31 December 2012, there were no transfers among the levels of fair value hierarchy.

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows consist of the following statement of financial position amounts:

	30 June 2013 Unaudited BD	31 December 2012 Audited BD	30 June 2012 Unaudited BD
Cash on hand	7,733	7,667	8,849
Cash at bank	1,761,522	1,208,470	658,607
Term deposits	4,058,391	4,525,445	5,225,684
Bank balances and cash	5,827,646	5,741,582	5,893,140
Term deposits with original maturities of more than three months	-	(4,525,445)	(1,711,677)
Restricted cash	(225,019)	(210,874)	(239,881)
Cash and cash equivalents as per the statement of cash flows	5,602,627	1,005,263	3,941,582

Bank balances amounting to BD 225,019 (2012: BD 210,874) representing unclaimed dividends have 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 1.8% (2012: 2.3%). These term deposits have maturities ranging from one month to three months (30 June 2012: maturities ranging from six months to one year).

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2013 (Unaudited)

6 SEASONALITY OF RESULTS

Dividend income of BD 91,909 for the six months period ended 30 June 2013 (for the period ended 30 June 2012: BD 89,114) is of a seasonal nature.

7 DIVIDENDS

At the annual general meeting of the shareholders held on 28 March 2013, the shareholders of the Company resolved to distribute a cash dividend of 10 fils per share amounting to BD 990,247 which was paid on 3 April 2013 (2012: dividends of 10 fils per share amounted to BD 990,247).

8 EARNINGS PER SHARE

	<i>For the three months period ended</i>		<i>For the six months period ended</i>	
	30 June 2013 Unaudited	<i>30 June 2012 Unaudited</i>	30 June 2013 Unaudited	<i>30 June 2012 Unaudited</i>
Profit for the period – BD	687,538	590,999	1,626,321	1,273,050
Average shares in issue (net of treasury shares)	99,024,710	99,024,710	99,024,710	99,024,710
Basic and diluted earnings per share – fils	6.94	5.97	16.42	12.86

Basic and diluted earnings per share are the same as the Company has issued no instruments that would have a dilutive effect.

National Hotels Company B.S.C.
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
30 June 2013 (Unaudited)

9 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 borrowings.

	<i>Hotel business and corporate</i>		<i>Office towers</i>		<i>Investments</i>		<i>Total</i>	
	2012		2012		2012		2012	
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Three months ended 30 June								
Gross operating revenue	2,119,138	1,760,071	-	-	-	-	2,119,138	1,760,071
Gross operating costs	(1,131,190)	(973,538)	-	-	-	-	(1,131,190)	(973,538)
Gross operating profit	987,948	786,533	-	-	-	-	987,948	786,533
Investment income (net)	-	-	-	-	319,353	289,752	319,353	289,752
Income from office towers	-	-	26,850	-	-	-	26,850	-
Other income	67,153	66,262	-	-	-	-	67,153	66,262
Depreciation	(271,959)	(389,814)	(206,390)	-	-	-	(478,349)	(389,814)
Expenses	(78,530)	(87,763)	(37,569)	-	-	-	(116,099)	(87,763)
Financial Charges	-	(73,971)	(119,318)	-	-	-	(119,318)	(73,971)
Net profit / (loss) for the period	704,612	301,247	(336,427)	-	319,353	289,752	687,538	590,999

National Hotels Company B.S.C.
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
30 June 2013 (Unaudited)

9 SEGMENT INFORMATION (continued)

	<i>Hotel business and corporate</i>		<i>Office towers</i>		<i>Investments</i>		<i>Total</i>	
	2012		2012		2012		2012	
	BD	BD	BD	BD	BD	BD	BD	BD
Six months ended 30 June								
Gross operating revenue	4,380,773	3,321,394	-	-	-	-	4,380,773	3,321,394
Gross operating costs	(2,206,536)	(1,842,420)	-	-	-	-	(2,206,536)	(1,842,420)
Gross operating profit	2,174,237	1,478,974	-	-	-	-	2,174,237	1,478,974
Investment income (net)	-	-	-	-	747,656	650,880	747,656	650,880
Income from office towers	-	-	50,340	-	-	-	50,340	-
Other income	134,350	137,366	-	-	-	-	134,350	137,366
Depreciation	(543,501)	(674,302)	(421,564)	-	-	-	(965,065)	(674,302)
Expenses	(209,355)	(235,707)	(62,661)	(10,190)	-	-	(272,016)	(245,897)
Financial Charges	-	-	(243,181)	(73,971)	-	-	(243,181)	(73,971)
Net profit / (loss) for the period	1,555,731	706,331	(677,066)	(84,161)	747,656	650,880	1,626,321	1,273,050

	<i>Hotel business and corporate</i>		<i>Office towers</i>		<i>Investments</i>		<i>Total</i>	
	30 June 2013		30 June 2013		30 June 2013		30 June 2013	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
Total assets	33,539,551	45,899,228	38,235,873	27,823,455	13,637,011	13,440,097	85,412,435	87,162,780
Total liabilities	2,574,091	2,077,088	12,432,177	15,634,486	-	-	15,006,268	17,711,574

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 STATEMENTS
 30 June 2013 (Unaudited)

10 RELATED PARTY TRANSACTIONS

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 management.

Transactions with related parties during the period are as follows:

	For the three months ended 30 June 2013			For the three months ended 30 June 2012				
	Purchases BD	Fees for management services BD	Other Expenses BD	Revenue and other income BD	Purchases BD	Fees for management services BD	Other Expenses BD	Revenue and other income BD
Associated company	16,301	-	-	76	20,038	-	-	104
Rezidor	-	79,619	4,799	5,048	-	91,754	178	899
Directors	-	-	-	3,100	-	-	-	1,299
	16,301	79,619	4,799	8,224	20,038	91,754	178	2,302
	For the six months ended 30 June 2013			For the six months ended 30 June 2012				
	Purchases BD	Fees for management services BD	Other Expenses BD	Revenue and other income BD	Purchases BD	Fees for management services BD	Other Expenses BD	Revenue and other income BD
Associated company	37,715	-	-	115	38,460	-	-	157
Rezidor	-	166,718	4,799	8,677	-	131,604	178	1,275
Directors	-	-	-	23,011	-	-	-	3,452
	37,715	166,718	4,799	31,803	38,460	131,604	178	4,884

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2013 (Unaudited)

10 RELATED PARTY TRANSACTIONS (continued)

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

	<i>30 June 2013</i>		<i>31 December 2012</i>	
	<i>Receivables</i>	<i>Payables</i>	<i>Receivables</i>	<i>Payables</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Associated Company	19	11,559	-	29,588
Rezidor	4,643	242,818	12,236	192,822
Directors	906	-	-	-
	5,568	254,377	12,236	222,410

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 provided for any related party payables.

Compensation of key management personnel

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

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Short-term benefits	40,744	38,670	79,917	77,340
Post-employment benefits	2,920	2,693	8,975	17,494
	43,664	41,363	88,892	94,834