

National Hotels Company B.S.C.

**INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 JUNE 2014 (REVIEWED)

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 2014, comprising of the interim condensed statement of financial position as at 30 June 2014 and the related interim condensed statements of profit or loss, 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.



7 August 2014
Manama, Kingdom of Bahrain

National Hotels Company B.S.C.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

At 30 June 2014 (reviewed)

		30 June 2014 Reviewed BD	31 December 2013 Audited BD
ASSETS			
Non-current assets			
Property, plant and equipment		78,302,456	78,315,547
Investment in an associate	3	5,883,176	5,753,702
Available-for-sale investments	4	2,555,926	2,569,871
Total non-current assets		86,741,558	86,639,120
Current assets			
Inventories		45,957	62,697
Held-for-trading investments		55,154	48,766
Trade and other receivables		768,421	617,007
Bank balances and cash	5	4,705,866	5,892,366
Total current assets		5,575,398	6,620,836
TOTAL ASSETS		92,316,956	93,259,956
EQUITY AND LIABILITIES			
Equity			
Share capital	7	10,500,000	10,000,000
Treasury shares		(94,726)	(94,726)
Statutory reserve		5,000,000	5,000,000
General reserve		2,715,079	2,715,079
Revaluation reserve		35,604,343	35,604,343
Available-for-sale investment reserve		2,023,272	2,017,287
Retained earnings		24,571,040	23,110,831
Proposed dividend	7	-	1,490,247
Total equity		80,319,008	79,843,061
Non-current liabilities			
Employees' end of service benefits		313,634	284,465
Term loan		6,918,776	8,161,994
Total non-current liabilities		7,232,410	8,446,459
Current liabilities			
Trade and other payables		1,738,572	1,943,470
Current portion of term loan		3,026,966	3,026,966
Total current liabilities		4,765,538	4,970,436
Total liabilities		11,997,948	13,416,895
TOTAL EQUITY AND LIABILITIES		92,316,956	93,259,956


Faisal Ahmed Al Zayani
Chairman


Ayad Abdulla Ahmed Al Sumait
Vice Chairman and Managing Director

The attached notes 1 to 12 form part of these interim condensed financial statements.

National Hotels Company B.S.C.

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014 (reviewed)

	Note	Three months ended 30 June		Six months ended 30 June	
		2014	2013	2014	2013
		Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD
Gross operating revenue		2,111,129	2,145,988	4,046,594	4,431,113
Gross operating costs		(1,124,878)	(1,168,759)	(2,151,206)	(2,269,199)
GROSS OPERATING PROFIT		986,251	977,229	1,895,388	2,161,914
Net Investment income:					
Share of result of an associate	3	338,530	292,024	609,544	585,904
Dividend income	6	7,446	6,119	93,719	91,909
Net changes in fair value of held-for-trading-investments		(874)	613	6,388	1,347
Profit on disposal of held-for-trading investments		-	-	-	25,584
Interest on term deposits		14,155	20,597	31,080	42,912
		359,257	319,353	740,731	747,656
Miscellaneous income		65,828	67,153	162,078	134,350
Depreciation		(449,417)	(478,349)	(895,831)	(965,065)
General and administration expenses		(90,944)	(78,530)	(252,748)	(209,353)
Financial charges		(91,221)	(119,318)	(189,409)	(243,181)
PROFIT FOR THE PERIOD		779,754	687,538	1,460,209	1,626,321
BASIC AND DILUTED EARNINGS PER SHARE (fils)	8	7	7	14	16



Faisal Ahmed Al Zayani
Chairman



Ayad Abdulla Ahmed Al Sumait
Vice Chairman and Managing Director

The attached notes 1 to 12 form part of these interim condensed financial statements.

National Hotels Company B.S.C.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014 (reviewed)

	Note	Three months ended 30 June		Six months ended 30 June	
		2014 Reviewed BD	2013 Reviewed BD	2014 Reviewed BD	2013 Reviewed BD
Profit for the period		779,754	687,538	1,460,209	1,626,321
Other comprehensive income					
<i>Other comprehensive income (loss) 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	(97,615)	251,008	(13,945)	348,622
Share in associate's cumulative changes in fair values	3	(5,687)	(22,119)	19,930	(29,735)
Other comprehensive (loss) income for the period		(103,302)	228,889	5,985	318,887
Total comprehensive income for the period		676,452	916,427	1,466,194	1,945,208

The attached notes 1 to 12 form part of these interim condensed financial statements.

National Hotels Company B.S.C.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014 (reviewed)

	Note	Six months ended 30 June	
		2014 Reviewed BD	2013 Reviewed BD
OPERATING ACTIVITIES			
Profit for the period		1,460,209	1,626,321
Adjustments for:			
Depreciation		895,831	965,065
Loss on disposal of property, plant and equipment		3,568	-
Share of result of an associate	3	(609,544)	(585,904)
Net change in the fair value of held-for-trading		(6,388)	(1,347)
Profit on disposal of held-for-trading investments		-	(25,584)
Provision for employees' end of service benefits		41,556	39,560
Dividend income	6	(93,719)	(91,909)
Interest on term deposits		(31,080)	(42,912)
		1,660,433	1,883,290
Working capital changes:			
Inventories		16,740	1,877
Trade and other receivables		(151,414)	(48,501)
Trade and other payables		(15,552)	228,552
Cash flows from operations		1,510,207	2,065,218
Directors' remuneration paid		(172,000)	(144,000)
Charity contributions paid		(98,000)	(55,000)
Employees' end of service benefits paid		(12,387)	(4,467)
Net cash flows from operating activities		1,227,820	1,861,751
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(868,921)	(512,060)
Proceeds from disposal of property, plant and equipment		29,000	-
Dividends received from an associate	3	500,000	447,000
Other dividends received		93,719	91,909
Interest received		31,080	42,912
Proceeds from disposal of held-for-trading investments		-	373,872
Term deposits with original maturities greater than 3 months (net)		-	4,525,445
Net cash flows (used in) from investing activities		(215,122)	4,969,078
FINANCING ACTIVITIES			
Repayments of term loan		(1,243,218)	(1,243,218)
Dividends paid	7	(990,247)	(990,247)
Net cash flows used in financing activities		(2,233,465)	(2,233,465)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(1,220,767)	4,597,364
Cash and cash equivalents at 1 January		5,672,289	1,005,263
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	4,451,522	5,602,627

Non-cash items:

- (i) Liabilities towards acquisition of property, plant and equipment to the extent of BD 298,885 (30 June 2013: BD 335,123) with a net increase of BD 46,387 (30 June 2013: net decrease of BD 440,940) were not settled as of the date of interim condensed statement of financial position.
- (ii) Unclaimed dividends pertaining to prior years amounting to BD 254,344 (30 June 2013: BD 225,019) has been excluded from the movement of trade and other payables.

The attached notes 1 to 12 form part of these interim condensed financial statements.

National Hotels Company B.S.C.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014 (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 BD
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 7)	500,000	-	-	-	-	-	-	(500,000)	-
Dividends paid (note 7)	-	-	-	-	-	-	-	(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
As 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)
As at 30 June 2013 (reviewed)	10,000,000	(94,726)	5,000,000	3,215,079	27,382,813	1,716,059	23,186,942	-	70,406,167

The attached notes 1 to 12 form part of these interim condensed financial statements.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2014 (reviewed)

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 7 August 2014.

2 ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements for the six months ended 30 June 2014 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 (applicable provisions of Volume 6) 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 2013. In addition, results for the six months ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

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 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

As required by IAS 34, the nature and the impact of each new standard or amendment is described below:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Company, since none of the investments held by the Company qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Company.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. These amendments have no impact on the Company.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2014 (reviewed)

2 ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Company as the Company has no derivatives during the current or prior periods.

IFRIC 21 Levies

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim condensed financial statements.

All required liabilities for levies were recognised in the interim condensed statement of financial position.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3 INVESTMENT IN AN ASSOCIATE

The Company has a 33.33% (2013: 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.

The movements during the period / year were as follows:

	30 June 2014 Reviewed BD	31 December 2013 Audited BD	30 June 2013 Reviewed BD
At 1 January	5,753,702	5,289,027	5,289,027
Share of profit during the period / year *	609,544	1,099,355	585,904
Dividends received during the period / year	(500,000)	(697,000)	(447,000)
Share in associate's cumulative changes in fair values	19,930	62,320	(29,735)
	5,883,176	5,753,702	5,398,196

* Based on the approved management accounts of African & Eastern (Bahrain) W.L.L., profit of BD 1,828,814 (30 June 2013: BD 1,757,888) was recognised for the six-month period ended 30 June 2014. The Company has recognised profit of BD 609,544 (30 June 2013: BD 585,904) in these interim condensed financial statements representing their 33.33% share.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2014 (reviewed)

4 AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2014 Reviewed BD	31 December 2013 Audited BD
Equity investments:		
Quoted investment	2,245,126	2,259,071
Unquoted investments (at cost) *	310,800	310,800
	2,555,926	2,569,871

* 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:

	For the six months ended 30 June 2014 Reviewed BD	For the year ended 31 December 2013 Audited BD	For the six months ended 30 June 2013 Reviewed BD
Opening balance	2,259,071	1,701,276	1,701,276
Unrealised (loss) gain on available for sale investments	(13,945)	557,795	348,622
Closing balance	2,245,126	2,259,071	2,049,898

The available-for-sale investment valued at fair value was 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 12).

5 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed statement of cash flows, cash and cash equivalents are comprised of the following:

	30 June 2014 Reviewed BD	31 December 2013 Audited BD	30 June 2013 Reviewed BD
Cash on hand	7,849	7,552	7,733
Cash at bank	1,123,009	1,786,937	1,761,522
Term deposits	3,575,008	4,097,877	4,058,391
Bank balances and cash	4,705,866	5,892,366	5,827,646
Bank balances representing unclaimed dividends	(254,344)	(220,077)	(225,019)
Cash and cash equivalents as per the interim condensed statement of cash flows	4,451,522	5,672,289	5,602,627

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2014 (reviewed)

5 CASH AND CASH EQUIVALENTS (continued)

Bank balances amounting to BD 254,344 (2013: BD 220,077) 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 1.5% (31 December 2013: 1.8%). These term deposits have original maturities ranging from one month to three months (30 June 2013: maturities ranging from one month to three months).

6 SEASONALITY OF RESULTS

Dividend income of BD 93,719 for the six months period ended 30 June 2014 (for the period ended 30 June 2013: BD 91,909) is of a seasonal nature.

7 DIVIDENDS

At the annual general meeting of the shareholders held on 27 March 2014, the shareholders of the Company resolved to distribute cash dividends of 10 fils per share amounting to BD 990,247 which was paid on 2 April 2014 from retained earnings and bonus shares from the general reserve at 5 bonus shares for each 100 shares held totaling to 5,000,000 bonus shares with a nominal value of BD 500,000 (2013: cash 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 2014 <i>Reviewed</i>	<i>30 June 2013</i> <i>Reviewed</i>	30 June 2014 <i>Reviewed</i>	<i>30 June 2013</i> <i>Reviewed</i>
Profit for the period – BD	779,754	687,538	1,460,209	1,626,321
Average shares in issue (net of treasury shares)	104,024,710	104,024,710	104,024,710	104,024,710
Basic and diluted earnings per share – fils	7	7	14	16

There have been no transactions during the period which caused dilution of the earnings per share.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2014 (reviewed)

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 term loan.

	Hotel business and corporate			Office towers		Investments		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	
	BD	BD	BD	BD	BD	BD	BD	BD	
Three months ended 30 June									
Gross operating revenue	1,928,085	2,119,138	183,044	26,850	-	-	2,111,129	2,145,988	
Gross operating costs	(1,070,946)	(1,131,190)	(53,932)	(37,569)	-	-	(1,124,878)	(1,168,759)	
Gross operating profit	857,139	987,948	129,112	(10,719)	-	-	986,251	977,229	
Investment income (net)	-	-	-	-	359,257	319,353	359,257	319,353	
Miscellaneous income	65,828	67,153	-	-	-	-	65,828	67,153	
Depreciation	(235,584)	(271,959)	(213,833)	(206,390)	-	-	(449,417)	(478,349)	
Expenses	(90,944)	(78,530)	-	-	-	-	(90,944)	(78,530)	
Financial charges	-	-	(91,221)	(119,318)	-	-	(91,221)	(119,318)	
Profit / (loss) for the period	596,439	704,612	(175,942)	(336,427)	359,257	319,353	779,754	687,538	

National Hotels Company B.S.C.
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
30 June 2014 (reviewed)

9 SEGMENT INFORMATION (continued)

	Hotel business and corporate		Office towers		Investments		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	BD	BD	BD	BD	BD	BD	BD	BD
Six months ended 30 June								
Gross operating revenue	3,682,032	4,380,773	364,562	50,340	-	-	4,046,594	4,431,113
Gross operating costs	(2,059,802)	(2,206,536)	(91,404)	(62,661)	-	-	(2,151,206)	(2,269,197)
Gross operating profit	1,622,230	2,174,237	273,158	(12,321)	-	-	1,895,388	2,161,916
Investment income (net)	-	-	-	-	740,731	747,656	740,731	747,656
Miscellaneous income	162,078	134,350	-	-	-	-	162,078	134,350
Depreciation	(469,815)	(543,501)	(426,016)	(421,564)	-	-	(895,831)	(965,065)
Expenses	(252,748)	(209,355)	-	-	-	-	(252,748)	(209,355)
Financial charges	-	-	(189,409)	(243,181)	-	-	(189,409)	(243,181)
Profit / (loss) for the period	1,061,745	1,555,731	(342,267)	(677,066)	740,731	747,656	1,460,209	1,626,321

	Hotel business and corporate		Office towers		Investments		Total	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	Reviewed BD	Audited BD	Reviewed BD	Audited BD	Reviewed BD	Audited BD	Reviewed BD	Audited BD
Total assets	52,293,056	52,234,277	26,823,778	26,760,974	13,200,122	14,264,705	92,316,956	93,259,956
Total liabilities	1,749,900	1,992,107	10,248,048	11,424,788	-	-	11,997,948	13,416,895
Capital expenditure	74,690	122,593	44,000	54,520	-	-	118,690	177,113

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 2014 (reviewed)

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 included in the interim condensed statement of profit or loss during the period are as follows:

	For the three months ended 30 June 2014			For the three months ended 30 June 2013				
	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	21,561	-	-	58	16,301	-	-	76
Rezidor	-	68,266	-	4,192	-	79,619	4,799	5,048
Directors	-	-	12,000	1,423	-	-	-	3,100
	<u>21,561</u>	<u>68,266</u>	<u>12,000</u>	<u>5,673</u>	<u>16,301</u>	<u>79,619</u>	<u>4,799</u>	<u>8,224</u>
	For the six months ended 30 June 2014			For the six months ended 30 June 2013				
	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	37,263	-	-	156	37,715	-	-	115
Rezidor	-	126,327	-	8,384	-	166,718	4,799	8,677
Directors	-	-	27,210	7,310	-	-	-	23,011
	<u>37,263</u>	<u>126,327</u>	<u>27,210</u>	<u>15,850</u>	<u>37,715</u>	<u>166,718</u>	<u>4,799</u>	<u>31,803</u>

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2014 (reviewed)

10 RELATED PARTY TRANSACTIONS (continued)

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

	<i>30 June 2014</i>		<i>31 December 2013</i>	
	<i>Receivables BD</i>	<i>Payables BD</i>	<i>Receivables BD</i>	<i>Payables BD</i>
Associated Company	-	9,811	-	12,901
Rezidor	12,576	199,942	12,576	203,843
Directors	-	-	-	172,000
	12,576	209,753	12,576	388,744

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 2014 Reviewed BD</i>	<i>30 June 2013 Reviewed BD</i>	<i>30 June 2014 Reviewed BD</i>	<i>30 June 2013 Reviewed BD</i>
Short-term benefits	40,602	40,744	81,516	79,917
Post-employment benefits	10,447	2,920	13,759	8,975
	51,049	43,664	95,275	88,892

11 COMMITMENTS

The directors have authorised future capital expenditure of BD 1,607,229 (31 December 2013: BD 2,215,000) as of the interim condensed statement of financial position date 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 2014 (reviewed)

12 FAIR VALUE MEASUREMENT

As at 30 June 2014, the Company held the following classes of assets measured at fair value:

		<i>Fair value measurement using</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>
Assets measured at fair value:					
<i>Available-for-sale investments</i>	<i>30 June 2014</i>	2,245,126	-	-	2,245,126
<i>Held-for-trading investments</i>	<i>30 June 2014</i>	55,154	-	-	55,154
<i>Revalued freehold land *</i>	<i>31 December 2013</i>	-	-	36,171,650	36,171,650

As at 31 December 2013, the Company held the following classes of assets measured at fair value:

		<i>Fair value measurement using</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>
Assets measured at fair value:					
<i>Available-for-sale investments</i>	<i>31 December 2013</i>	2,259,071	-	-	2,259,071
<i>Held-for-trading investments</i>	<i>31 December 2013</i>	48,766	-	-	48,766
<i>Revalued freehold land *</i>	<i>31 December 2013</i>	-	-	36,171,650	36,171,650

* The freehold land was revalued on 31 December 2013 by three independent property valuers. The average of the three revaluation estimates was considered by the directors, as this was believed to be the best indicator of the fair value.

During the reporting periods ended 30 June 2014 and 30 June 2013 and year ended 31 December 2013, there were no transfers within the levels of fair value hierarchy.

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