

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

**INTERIM CONDENSED  
FINANCIAL STATEMENTS**

**30 JUNE 2016 (REVIEWED)**



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## **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 2016, comprising of the interim statement of financial position as at 30 June 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 six-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### **Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Auditor's Registration No. 115  
21 July 2016  
Manama, Kingdom of Bahrain

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

**INTERIM STATEMENT OF FINANCIAL POSITION**

At 30 June 2016 (Reviewed)

	Note	30 June 2016 Reviewed BD	31 December 2015 Audited BD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	75,965,470	76,818,063
Investment in an associate	4	6,823,636	6,872,407
Available-for-sale investments	5	3,041,208	2,995,215
<b>Total non-current assets</b>		<b>85,830,314</b>	<b>86,685,685</b>
<b>Current assets</b>			
Inventories		85,123	75,057
Held-for-trading investments		38,035	42,931
Trade and other receivables		683,230	647,482
Bank balances and cash	6	6,241,426	6,252,055
<b>Total current assets</b>		<b>7,047,814</b>	<b>7,017,525</b>
<b>TOTAL ASSETS</b>		<b>92,878,128</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		(94,726)	(94,726)
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		2,482,820	2,426,752
Retained earnings		28,932,452	27,079,711
Proposed dividend	8	-	1,310,097
<b>Total equity</b>		<b>85,652,468</b>	<b>85,053,756</b>
<b>Non-current liabilities</b>			
Employees' end of service benefits		395,756	382,320
Term loan		2,486,433	3,729,651
<b>Total non-current liabilities</b>		<b>2,882,189</b>	<b>4,091,971</b>
<b>Current liabilities</b>			
Trade and other payables		1,857,035	2,071,047
Current portion of term loan		2,486,436	2,486,436
<b>Total current liabilities</b>		<b>4,343,471</b>	<b>4,557,483</b>
<b>Total liabilities</b>		<b>7,225,660</b>	<b>8,649,454</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>92,878,128</b>	<b>93,703,210</b>

Abdul Latif Ahmed Al Zayani

Director and Chairman - Executive Committee

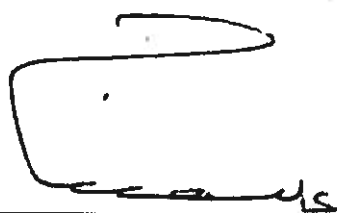
Ayad Abdulla Ahmed Al Sumait

Vice Chairman and Managing Director

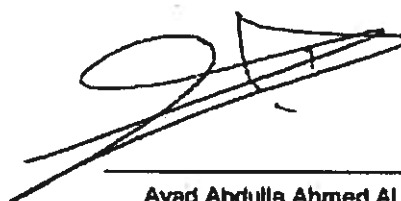
The attached notes 1 to 13 form part of these interim condensed financial statements.

**National Hotels Company B.S.C.**  
**INTERIM STATEMENT OF PROFIT OR LOSS**  
For the six months ended 30 June 2016 (Reviewed)

	Note	Three months ended 30 June		Six months ended 30 June	
		2016	2015	2016	2015
		Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD
Gross operating revenue		2,139,180	2,421,535	4,546,504	5,110,955
Gross operating costs		(1,257,051)	(1,259,197)	(2,509,054)	(2,610,932)
<b>GROSS OPERATING PROFIT</b>		<b>882,129</b>	<b>1,152,338</b>	<b>2,037,450</b>	<b>2,500,023</b>
Net investment income:					
Share of profit from an associate	4	406,068	379,775	941,154	716,360
Dividend income	7	14,229	10,890	106,285	95,115
Interest on term deposits		8,877	6,961	17,333	13,811
Net changes in cumulative fair value held-for-trading investments		(1,083)	(597)	(4,896)	(789)
		<b>428,091</b>	<b>397,029</b>	<b>1,059,856</b>	<b>824,497</b>
Miscellaneous income		81,585	97,310	124,199	162,070
Depreciation		(502,992)	(498,860)	(1,004,011)	(990,543)
General and administration expenses		(84,173)	(81,251)	(251,271)	(258,102)
Financial charges		(54,728)	(86,848)	(113,482)	(138,849)
Loss on write-off of property, plant and equipment	3	-	(26,457)	-	(51,868)
<b>PROFIT FOR THE PERIOD</b>		<b>729,912</b>	<b>973,463</b>	<b>1,852,741</b>	<b>2,047,228</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (In fils)</b>	9	<b>7</b>	<b>9</b>	<b>17</b>	<b>19</b>



Abdul Latif Ahmed Al Zayani  
Director and Chairman - Executive Committee



Ayad Abdulla Ahmed Al Sumait  
Vice Chairman and Managing Director

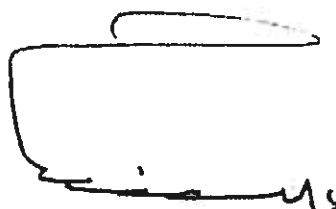
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**National Hotels Company B.S.C.**

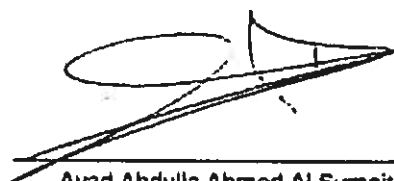
**INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2016 (Reviewed)

	Note	Three months ended 30 June		Six months ended 30 June	
		2016	2015	2016	2015
		Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD
Profit for the period		729,912	973,463	1,852,741	2,047,228
<b>Other comprehensive income</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Net movement in fair values of available-for-sale investments during the period	5	122,715	61,358	45,993	145,028
Share in associate's cumulative changes in fair values	4	52,264	31,216	10,075	61,053
<b>Other comprehensive income for the period</b>		<b>174,979</b>	<b>92,574</b>	<b>56,068</b>	<b>206,081</b>
<b>Total comprehensive income for the period</b>		<b>904,891</b>	<b>1,066,037</b>	<b>1,908,809</b>	<b>2,253,309</b>



Abdul Latif Ahmed Al Zayani  
Director and Chairman - Executive Committee



Ayad Abdulla Ahmed Al Sumait  
Vice Chairman and Managing Director

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

**National Hotels Company B.S.C.**  
**INTERIM STATEMENT OF CHANGES IN EQUITY**  
For the six months ended 30 June 2016 (Reviewed)

	Share capital BD	Treasury shares BD	Statutory reserve BD	General reserve BD	Revaluation reserve BD	Available- for-sale investments reserve BD	Retained earnings BD	Proposed dividend BD	Total equity BD
As at 1 January 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	-	-	-	-	-	-	1,852,741	-	1,852,741
Other comprehensive income for the period	-	-	-	-	-	56,068	-	-	56,068
Total comprehensive income for the period	-	-	-	-	-	56,068	1,852,741	-	1,908,809
Dividends declared (note 8)	-	-	-	-	-	-	-	(1,310,097)	(1,310,097)
<b>As at 30 June 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>2,482,820</b>	<b>28,932,452</b>	<b>-</b>	<b>85,652,468</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	-	-	-	-	-	-	2,047,228	-	2,047,228
Other comprehensive income for the period	-	-	-	-	-	206,081	-	-	206,081
Total comprehensive income for the period	-	-	-	-	-	206,081	2,047,228	-	2,253,309
Issue of bonus shares (note 8)	525,000	-	-	-	-	-	-	(525,000)	-
Dividends declared (note 8)	-	-	-	-	-	-	-	(1,039,759)	(1,039,759)
<b>As at 30 June 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>2,303,898</b>	<b>26,926,313</b>	<b>-</b>	<b>83,204,907</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 six months ended 30 June 2016 (Reviewed)

	Note	Six months ended 30 June	
		2016 Reviewed BD	2015 Reviewed BD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		1,852,741	2,047,228
Adjustments for:			
Depreciation		1,004,011	990,543
Loss on write-off of property, plant and equipment	3	-	51,868
Profit on disposal of property, plant and equipment	3	(888)	(1,220)
Share of profit from an associate	4	(941,154)	(716,360)
Net changes in cumulative fair value of held-for-trading investments		4,896	789
Dividend income	7	(106,265)	(95,115)
Interest on term deposits		(17,333)	(13,811)
Provision for employees' end of service benefits		45,070	29,836
Operating profit before working capital changes		1,841,078	2,293,758
Working capital changes:			
Inventories		(10,066)	9,943
Trade and other receivables		(35,748)	(126,409)
Trade and other payables		(21,976)	1,276
Cash flows from operations		1,773,288	2,178,568
Employees' end of service benefits paid		(11,634)	(12,804)
Directors' remuneration paid	11	(179,000)	(172,000)
Charitable contributions paid		(39,000)	(53,000)
Net cash flows from operating activities		1,543,654	1,940,764
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(136,550)	(192,849)
Proceeds from disposal of property, plant and equipment		1,500	3,000
Dividends received from an associate	4	1,000,000	700,000
Other dividends received		106,265	95,115
Interest received		17,333	13,811
Net cash flows from investing activities		988,548	619,077
<b>FINANCING ACTIVITIES</b>			
Repayments of term loan		(1,243,218)	(1,243,218)
Dividends paid	8	(1,310,097)	(1,039,759)
Net cash flows used in financing activities		(2,553,315)	(2,282,977)
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(21,113)</b>	<b>276,864</b>
Cash and cash equivalents at 1 January		6,040,512	4,669,281
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>6</b>	<b>6,019,399</b>	<b>4,946,145</b>

**Non-cash items:**

- (i) Liabilities towards acquisition of property, plant and equipment to the extent of BD 117,301 (30 June 2015: BD 101,821) with a net increase of BD 15,480 during the period (30 June 2015: net decrease of BD 86,494) were not settled as of the date of interim statement of financial position.
- (ii) Unclaimed dividends pertaining to prior years amounting to BD 222,027 (30 June 2015: BD 236,588) [note 6] with a net increase of BD 10,484 (30 June 2015: BD 15,189) 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

30 June 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 21 July 2016.

### 2 ACCOUNTING POLICIES

#### **Basis of preparation**

The interim condensed financial statements for the six months ended 30 June 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 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 six months ended 30 June 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 and interpretations 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 amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact on the Company's interim condensed financial statements.



## 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;*
- *IAS 19 - Employee Benefits; and*
- *IAS 34 - Interim Financial Reporting.*

## 3 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Company incurred capital expenditure amounting to BD 152,030 (six months ended 30 June 2015: BD 106,355, year ended 31 December 2015: BD 239,887) on its various capital expenditure projects.

No assets were written off by the Company during the six months ended 30 June 2016 (six months ended 30 June 2015: assets with a net book value of BD 51,868 were written off by Company, year ended 31 December 2015: BD 101,294). During the six months ended 30 June 2016, assets with a net book value of BD 612 (six months ended 30 June 2015: BD 1,780, year ended 31 December 2015: BD 1,780) were disposed of by the Company, resulting in a net profit on disposal of BD 888 (six months ended 30 June 2015: BD 1,220, year ended 31 December 2015: BD 1,220).

# National Hotels Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2016 (Reviewed)

### 4 INVESTMENT IN AN ASSOCIATE

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

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

	<b>30 June 2016 Reviewed BD</b>	<b>31 December 2015 Audited BD</b>	<b>30 June 2015 Reviewed BD</b>
Balance at 1 January	6,872,407	6,228,485	6,228,485
Share of profit during the period / year *	941,154	1,628,772	716,360
Dividends received during the period / year	(1,000,000)	(1,000,000)	(700,000)
Share in associate's cumulative changes in fair values	10,075	15,150	61,053
	<b>6,823,636</b>	<b>6,872,407</b>	<b>6,305,898</b>

\* Based on the approved management accounts of African & Eastern (Bahrain) W.L.L., profit of BD 2,823,744 (30 June 2015: BD 2,149,294) was recognised for the six months ended 30 June 2016. The Company has recognised profit of BD 941,154 (30 June 2015: BD 716,360) in these interim condensed financial statements representing their 33.33% share.

### 5 AVAILABLE-FOR-SALE INVESTMENTS

	<b>30 June 2016 Reviewed BD</b>	<b>31 December 2015 Audited BD</b>
Equity investments:		
Quoted investment	2,730,408	2,684,415
Unquoted investments (at cost)*	310,800	310,800
	<b>3,041,208</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 investment is as follows:

	<b>30 June 2016 Reviewed BD</b>	<b>31 December 2015 Audited BD</b>	<b>30 June 2015 Reviewed BD</b>
Balance at 1 January	2,684,415	2,370,630	2,370,630
Unrealised gain on available-for-sale investment	45,993	313,785	145,028
	<b>2,730,408</b>	<b>2,684,415</b>	<b>2,515,658</b>

# National Hotels Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2016 (Reviewed)

### 5 AVAILABLE-FOR-SALE INVESTMENTS (continued)

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).

### 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:

	<i>30 June</i> <i>2016</i> <i>Reviewed</i> <i>BD</i>	<i>31 December</i> <i>2015</i> <i>Audited</i> <i>BD</i>	<i>30 June</i> <i>2015</i> <i>Reviewed</i> <i>BD</i>
Cash on hand	8,086	7,417	7,239
Cash at bank	3,381,097	3,409,293	2,353,723
Term deposits	2,852,243	2,835,345	2,821,771
Bank balances and cash	<u>6,241,426</u>	<u>6,252,055</u>	<u>5,182,733</u>
Restricted cash	<u>(222,027)</u>	<u>(211,543)</u>	<u>(236,588)</u>
Cash and cash equivalents as per the interim statement of cash flows	<u>6,019,399</u>	<u>6,040,512</u>	<u>4,946,145</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 1.19% (30 June 2015: 1.89%). These term deposits have original maturities ranging from one month to three months (31 December 2015: same).

### 7 SEASONALITY OF RESULTS

Dividend income of BD 106,265 for the six months ended 30 June 2016 (for the six months ended 30 June 2015: BD 95,115) 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 30 June 2016 (30 June 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 which was paid on 7 April 2016 from the retained earnings (30 June 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

30 June 2016 (Reviewed)

9 EARNINGS PER SHARE

	<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>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>
Profit for the period - BD	<b>729,912</b>	<b>973,463</b>	<b>1,852,741</b>	<b>2,047,228</b>
Average shares in issue - net of treasury shares	<b>109,174,743</b>	<b>109,174,743</b>	<b>109,174,743</b>	<b>109,174,743</b>
Basic and diluted earnings per share - in fils	<b>7</b>	<b>9</b>	<b>17</b>	<b>19</b>

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

**National Hotels Company B.S.C.**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**30 June 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 associate, held-for-trading investments, available-for-sale investments and term deposits.

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

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

Three months ended 30 June	Hotel business and corporate			Office towers			Investments			Total				
	2016		2015	2016		2015	2016		2015	2016		2015		
	Reviewed	BD	Reviewed	Reviewed	BD	Reviewed	BD	Reviewed	BD	Reviewed	BD	Reviewed		
Gross operating revenue	1,881,895		2,174,640	257,285		246,895		-		-		2,139,180		2,421,535
Gross operating costs	(1,182,255)		(1,201,011)	(74,796)		(68,186)		-		-		(1,257,051)		(1,269,197)
Gross operating profit	699,640		973,629	182,489		178,709		-		-		882,129		1,152,338
Investment income (net)	-		-	-		-		428,091		397,029		428,091		397,029
Miscellaneous income	61,585		97,310	-		-		-		-		61,585		97,310
Depreciation	(287,918)		(287,120)	(215,074)		(211,740)		-		-		(502,992)		(498,860)
Expenses	(84,173)		(107,708)	-		-		-		-		(84,173)		(107,708)
Financial charges	(515)		(26)	(54,213)		(66,620)		-		-		(54,728)		(66,646)
Profit (loss) for the period	388,619		676,085	(86,798)		(99,651)		428,091		397,029		729,912		973,463

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

**10 SEGMENT INFORMATION (continued)**

Six months ended 30 June	Hotel business and corporate		Office towers		Investments		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD
Gross operating revenue	4,034,573	4,635,872	511,931	475,083	-	-	4,546,504	5,110,955
Gross operating costs	(2,382,995)	(2,472,514)	(126,059)	(138,418)	-	-	(2,509,054)	(2,610,932)
Gross operating profit	1,651,578	2,163,358	385,872	336,665	-	-	2,037,450	2,500,023
Investment income (net)	-	-	-	-	1,059,856	824,497	1,059,856	824,497
Miscellaneous income	124,199	162,070	-	-	-	-	124,199	162,070
Depreciation	(573,864)	(567,063)	(430,147)	(423,480)	-	-	(1,004,011)	(990,543)
Expenses	(251,271)	(309,970)	-	-	-	-	(251,271)	(309,970)
Financial charges	(531)	(163)	(112,951)	(138,686)	-	-	(113,482)	(138,849)
Profit (loss) for the period	950,111	1,448,232	(157,226)	(225,501)	1,059,856	824,497	1,852,741	2,047,228

Total assets	Hotel business and corporate		Office towers		Investments		Total	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	Reviewed BD	Audited BD	Reviewed BD	Audited BD	Reviewed BD	Audited BD	Reviewed BD	Audited BD
Total assets	49,108,891	50,297,865	27,624,932	27,242,737	16,144,305	16,162,608	92,878,128	93,703,210
Total liabilities	1,956,679	2,124,787	5,268,981	6,524,667	-	-	7,225,660	8,649,454
Capital expenditure	152,030	176,635	-	63,252	-	-	152,030	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.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**

30 June 2016 (Reviewed)

**11 RELATED PARTY TRANSACTIONS AND BALANCES**

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

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

	For the three months ended 30 June 2016 (Reviewed)			For the three months ended 30 June 2015 (Reviewed)			
	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
Associated company	19,478	-	-	-	21,082	-	-
Management company (Rezidor)	-	47,202	6,887	1,881	-	76,498	-
Directors	-	-	9,750	2,186	-	-	4,500
	<u>19,478</u>	<u>47,202</u>	<u>16,637</u>	<u>4,067</u>	<u>21,082</u>	<u>76,498</u>	<u>4,500</u>

	For the six months ended 30 June 2016 (Reviewed)			For the six months ended 30 June 2015 (Reviewed)			
	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
Associated company	55,891	-	-	-	49,136	-	-
Management company (Rezidor)	-	111,222	15,709	6,099	-	164,346	-
Directors	-	-	19,500	5,143	-	-	14,250
	<u>55,891</u>	<u>111,222</u>	<u>35,209</u>	<u>11,242</u>	<u>49,136</u>	<u>164,346</u>	<u>14,250</u>

# National Hotels Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2016 (Reviewed)

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

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

	<b>30 June 2016</b>		<b>31 December 2015</b>	
	<b>Receivables Reviewed BD</b>	<b>Payables Reviewed BD</b>	<b>Receivables Audited BD</b>	<b>Payables Audited BD</b>
Associated company	-	1,982	-	10,528
Management company (Rezidor)	-	126,930	13,293	213,570
Directors	-	-	-	179,000
	<b>-</b>	<b>128,912</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 30 June 2016 (30 June 2015: same). Further, the directors' remuneration paid during the period amounted to BD 179,000 (30 June 2015: BD 172,000).

#### Compensation of key management personnel

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

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>30 June 2016 Reviewed BD</b>	<b>30 June 2015 Reviewed BD</b>	<b>30 June 2016 Reviewed BD</b>	<b>30 June 2015 Reviewed BD</b>
Short-term benefits	43,681	64,820	86,807	112,296
Post-employment benefits	4,043	2,999	14,838	7,384
	<b>47,724</b>	<b>67,819</b>	<b>101,645</b>	<b>119,680</b>

### 12 COMMITMENTS

No future capital expenditure was authorised as of 30 June 2016 and 30 June 2015.



# National Hotels Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2016 (Reviewed)

### 13 FAIR VALUE MEASUREMENT

As at 30 June 2016, the Company held the following classes of assets measured at fair value:

	Date of valuation	Fair value measurement using			Total (Reviewed) BD
		Quoted prices in active markets (Level 1) BD	Significant observable inputs (Level 2) BD	Significant unobservable inputs (Level 3) BD	
		<b>Assets measured at fair value:</b>			
Available-for-sale investment	30 June 2016	2,730,408	-	-	2,730,408
Held-for-trading investments	30 June 2016	38,035	-	-	38,035
Revalued freehold land	31 March 2016	-	-	36,171,650	36,171,650

As at 31 December 2015, the Company held the following classes of assets measured at fair value:

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

During the reporting periods ended 30 June 2016 and 30 June 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, 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.