
National Hotels Company B.S.C.

**INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 JUNE 2017 (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 2017, comprising of the interim statement of financial position as at 30 June 2017 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 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.

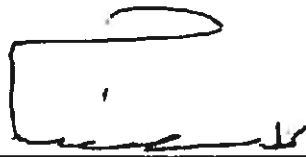
20 July 2017
Manama, Kingdom of Bahrain

National Hotels Company B.S.C.

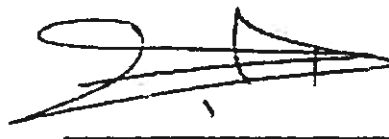
INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2017 (Reviewed)

	Note	30 June 2017 Reviewed BD	31 December 2016 Audited BD
ASSETS			
Non-current assets			
Property, plant and equipment	3	69,963,075	70,818,398
Investment in an associate	4	7,239,844	7,571,085
Available-for-sale investments	5	4,734,420	4,857,138
Total non-current assets		81,937,439	83,246,617
Current assets			
Inventories		72,788	81,203
Held-for-trading investments		43,880	40,928
Trade and other receivables		553,619	579,092
Bank balances and cash	6	4,567,109	4,815,631
Total current assets		5,237,374	5,518,852
TOTAL ASSETS		87,174,813	88,763,469
EQUITY AND LIABILITIES			
Equity			
Share capital	8	11,025,000	11,025,000
Treasury shares		(94,728)	(94,728)
Statutory reserve		5,512,500	5,512,500
General reserve		2,190,079	2,190,079
Revaluation reserve		31,206,911	31,206,911
Available-for-sale investments reserve		2,145,936	2,273,944
Retained earnings		30,626,511	29,282,547
Proposed dividend	8	-	1,310,097
Total equity		82,612,211	82,708,352
Non-current liabilities			
Employees' end of service benefits		422,200	415,376
Term loan		-	1,243,218
Total non-current liabilities		422,200	1,658,594
Current liabilities			
Trade and other payables		1,653,969	1,912,090
Current portion of term loan		2,486,433	2,486,433
Total current liabilities		4,140,402	4,398,523
Total liabilities		4,562,602	6,057,117
TOTAL EQUITY AND LIABILITIES		87,174,813	88,763,469



Abdul Latif Ahmed Al Zayani
Director and Chairman - Executive Committee



Ayad Abdulla Ahmed Al Sumait
Vice Chairman and Managing Director

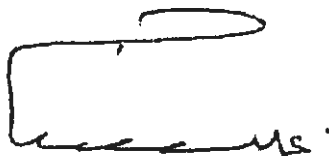
The attached notes 1 to 13 form part of these interim condensed financial statements

National Hotels Company B.S.C.

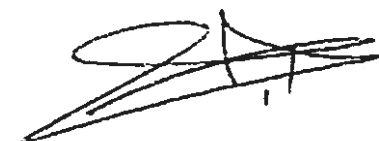
INTERIM STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017 (Reviewed)

	Note	Three months ended 30 June		Six months ended 30 June	
		2017	2016	2017	2016
		Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD
Gross operating revenue		2,152,646	2,139,180	4,045,463	4,546,504
Gross operating costs		(1,303,010)	(1,257,051)	(2,456,767)	(2,509,054)
GROSS OPERATING PROFIT		849,636	882,129	1,588,696	2,037,450
Net investment income:					
Share of profit from an associate	4	302,177	406,068	774,151	941,154
Dividend income	7	556	14,229	106,205	106,265
Interest income		40,954	8,877	86,351	17,333
Net changes in cumulative fair value held-for-trading investments		1,158	(1,083)	2,934	(4,896)
		344,845	428,091	969,641	1,059,856
Miscellaneous income		66,833	61,585	131,596	124,199
Depreciation		(517,538)	(502,992)	(1,027,473)	(1,004,011)
General and administration expenses		(89,611)	(84,173)	(252,220)	(251,271)
Financial charges		(30,437)	(54,728)	(66,276)	(113,482)
PROFIT FOR THE PERIOD		623,528	729,912	1,343,964	1,852,741
BASIC AND DILUTED EARNINGS PER SHARE (In file)	9	6	7	12	17



Abdul Latif Ahmed Al Zayani
Director and Chairman of Executive Committee



Ayad Abdulla Ahmed Al Sumait
Vice Chairman and Managing Director

National Hotels Company B.S.C.

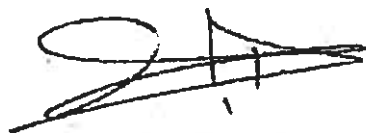
INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017 (Reviewed)

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD
Profit for the period	623,528	729,912	1,343,964	1,852,741
Other comprehensive (loss) income				
<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	5 (30,679)	122,715	(122,716)	45,993
Share in associate's cumulative changes in fair values	4 865	52,284	(5,292)	10,075
Other comprehensive (loss) income for the period	(29,814)	174,979	(128,008)	56,068
Total comprehensive income for the period	593,714	904,891	1,215,956	1,908,809



Abdul Latif Ahmed Al Zayani
Director and Chairman - Executive Committee



Ayad Abdulla Ahmed Al Sumail
Vice Chairman and Managing Director

National Hotels Company B.S.C.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017 (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 2017	11,025,000	(94,726)	5,512,500	2,190,079	31,206,911	2,273,944	29,282,547	1,310,097	82,706,352
Profit for the period	-	-	-	-	-	-	1,343,964	-	1,343,964
Other comprehensive income for the period	-	-	-	-	-	(128,008)	-	-	(128,008)
Total comprehensive income for the period	-	-	-	-	-	(128,008)	1,343,964	-	1,215,956
Dividends declared (note 8)	-	-	-	-	-	-	-	(1,310,097)	(1,310,097)
As at 30 June 2017 (reviewed)	11,025,000	(94,726)	5,512,500	2,190,079	31,206,911	2,145,936	30,626,511	-	82,612,211
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)
As at 30 June 2016 (reviewed)	11,025,000	(94,726)	5,512,500	2,190,079	35,604,343	2,482,820	28,932,452	-	85,652,468

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 2017 (Reviewed)

		<i>Six months ended</i>	
		<i>30 June</i>	
		2017	2016
		Reviewed	Reviewed
<i>Note</i>		BD	BD
OPERATING ACTIVITIES			
	Profit for the period	1,343,964	1,852,741
	Adjustments for:		
	Depreciation	1,027,473	1,004,011
	Profit on disposal of property, plant and equipment	3	-
	Share of profit from an associate	4	(888)
	Net changes in cumulative fair value of held-for-trading investments	(774,151)	(941,154)
	Dividend income	7	(2,934)
	Interest on term deposits	(106,205)	4,896
	Provision for employees' end of service benefits	(86,351)	(106,265)
		30,606	(17,333)
	Operating profit before working capital changes	1,432,402	1,841,078
	Working capital changes:		
	Inventories	8,417	(10,066)
	Trade and other receivables	25,473	(35,748)
	Trade and other payables	(108,174)	(21,976)
	Cash flows from operations	1,358,118	1,773,288
	Employees' end of service benefits paid	(23,782)	(11,634)
	Directors' remuneration paid	11	(179,000)
	Charitable contributions paid	(39,000)	(39,000)
	Net cash flows from operating activities	1,116,336	1,543,654
INVESTING ACTIVITIES			
	Purchase of property, plant and equipment	(172,152)	(136,550)
	Proceeds from disposal of property, plant and equipment	-	1,500
	Dividends received from an associate	4	1,100,000
	Other dividends received	106,205	106,265
	Interest received	86,351	17,333
	Net cash flows from investing activities	1,120,404	988,548
FINANCING ACTIVITIES			
	Repayments of term loan	(1,243,218)	(1,243,218)
	Dividends paid	8	(1,310,097)
	Net cash flows used in financing activities	(2,553,315)	(2,553,315)
DECREASE IN CASH AND CASH EQUIVALENTS			
	Cash and cash equivalents at 1 January	4,581,621	6,040,512
	CASH AND CASH EQUIVALENTS AT 30 JUNE	6	4,265,046

Non-cash items:

- (i) Liabilities towards acquisition of property, plant and equipment to the extent of BD 22,634 (30 June 2016: BD 117,301) with no movements during the period (30 June 2016: net decrease of BD 15,480) were not settled as of the date of interim statement of financial position.
- (ii) Unclaimed dividends pertaining to prior years amounting to BD 302,063 (30 June 2016: BD 222,027) [note 6] with a net increase of BD 68,053 (30 June 2016: net increase of BD 10,484) 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 2017 (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 and Tourism under commercial registration (CR) number 1665. The address of the registered office of the Company is P.O. Box 5243, Building 59, Road 1701, Block 317, Diplomatic Area, Kingdom of Bahrain. The Company owns the Diplomat Radisson BLU Hotel, 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. (2016: 33.33%).

The interim condensed financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 20 July 2017.

2 ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements for the six months ended 30 June 2017 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 2016.

In addition, results for the six months ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

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 2016, except for the adoption of new standards effective as of 1 January 2017. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Company is not required to provide additional disclosures in its condensed interim financial statements, but will disclose additional information in its annual financial statements for the year ended 31 December 2017.

Annual Improvements 2014-2016 Cycle

IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The above standards do not impact the Company's condensed interim financial statements.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2017 (Reviewed)

3 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Company incurred capital expenditure amounting to BD 172,152 (six months ended 30 June 2016: BD 152,030, year ended 31 December 2016: BD 458,149) on its various capital expenditure projects.

No assets were written off by the Company during the six months ended 30 June 2017 (six months ended 30 June 2016: same, year ended 31 December 2016: BD 36,390).

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:

	<i>30 June 2017 Reviewed BD</i>	<i>31 December 2016 Audited BD</i>	<i>30 June 2016 Reviewed BD</i>
Balance at 1 January	7,571,085	6,872,407	6,872,407
Share of profit during the period / year *	774,151	2,113,407	941,154
Dividends received during the period / year	(1,100,000)	(1,400,000)	(1,000,000)
Share in associate's cumulative changes in fair values	(5,292)	(14,729)	10,075
	<u>7,239,944</u>	<u>7,571,085</u>	<u>6,823,636</u>

* Based on the approved management accounts of African & Eastern (Bahrain) W.L.L., profit of BD 2,322,684 (30 June 2016: BD 2,823,744) was recognised for the six months ended 30 June 2017. The Company has recognised profit of BD 774,151 (30 June 2016: BD 941,154) in these interim condensed financial statements representing their 33.33% share.

5 AVAILABLE-FOR-SALE INVESTMENTS

	<i>30 June 2017 Reviewed BD</i>	<i>31 December 2016 Audited BD</i>
Equity investments:		
Quoted investment	4,423,620	4,546,336
Unquoted investments (at cost)*	310,800	310,800
	<u>4,734,420</u>	<u>4,857,136</u>

* 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.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2017 (Reviewed)

5 AVAILABLE-FOR-SALE INVESTMENTS (continued)

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

	30 June 2017 Reviewed BD	31 December 2016 Audited BD	30 June 2016 Reviewed BD
Balance at 1 January	4,546,336	2,684,415	2,684,415
Additions during the year**	-	2,000,000	-
Unrealised (loss) gain on available-for-sale investment	(122,716)	(138,079)	145,028
	<u>4,423,620</u>	<u>4,546,336</u>	<u>2,829,443</u>

** The additions in prior year pertains to Government Development bonds issued by the Central Bank of Bahrain on behalf of the Government of Kingdom of Bahrain. The bond carries interest at a fixed rate of 4.45% per annum and matures on 21 July 2019.

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:

	30 June 2017 Reviewed BD	31 December 2016 Audited BD	30 June 2016 Reviewed BD
Cash on hand	7,513	8,200	8,086
Cash at bank	4,559,596	4,807,431	3,381,097
Term deposits	-	-	2,852,243
Bank balances and cash	<u>4,567,109</u>	<u>4,815,631</u>	<u>6,241,426</u>
Restricted cash	(302,063)	(234,010)	(222,027)
Cash and cash equivalents as per the interim statement of cash flows	<u>4,265,046</u>	<u>4,581,621</u>	<u>6,019,399</u>

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

Term deposits as of 30 June 2016 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%. These term deposits have original maturities of one month and was not rolled over as of 30 June 2017 and 31 December 2016.

7 SEASONALITY OF RESULTS

Dividend income of BD 106,205 for the six months ended 30 June 2017 (for the six months ended 30 June 2016: BD 106,265) is of a seasonal nature.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2017 (Reviewed)

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 2016: 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 2017 (30 June 2016: same).

Dividends

At the annual general meeting of the shareholders held on 16 February 2017, the shareholders of the Company resolved to distribute cash dividends of 12 fils per share totalling BD 1,310,097 from the retained earnings (30 June 2016: cash dividends of 12 fils per share amounting to BD 1,310,097 from retained earnings).

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>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>
Profit for the period - BD	623,528	729,912	1,343,964	1,852,741
Average shares in issue - net of treasury shares	109,174,743	109,174,743	109,174,743	109,174,743
Basic and diluted earnings per share - in fils	6	7	12	17

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 2017 (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.

	Hotel business and corporate			Office towers			Investments			Total			
	2017		2016	2017		2016	2017		2016	2017		2016	
	Reviewed	BD	Reviewed	BD	Reviewed	BD	Reviewed	BD	Reviewed	BD	Reviewed	BD	
Three months ended 30 June													
Gross operating revenue	1,873,935		1,881,895		278,711		257,285		-		2,152,646		2,139,180
Gross operating costs	(1,227,386)		(1,182,255)		(75,624)		(74,796)		-		(1,303,010)		(1,257,051)
Gross operating profit	646,549		699,640		203,087		182,489		-		849,636		882,129
Investment income (net)	-		-		-		-		428,091		344,845		428,091
Miscellaneous income	66,633		61,585		-		-		-		66,633		61,585
Depreciation	(302,738)		(287,918)		(214,800)		(215,074)		-		(517,538)		(502,992)
Expenses	(89,611)		(84,173)		-		-		-		(89,611)		(84,173)
Financial charges	(26)		(515)		(30,411)		(54,213)		-		(30,437)		(54,728)
Profit (loss) for the period	320,807		388,619		(42,124)		(86,798)		344,845		623,528		729,912

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2017 (Reviewed)

10 SEGMENT INFORMATION (continued)

Six months ended 30 June	Hotel business and corporate		Office towers		Investments		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD
Gross operating revenue	3,488,999	4,034,573	556,464	511,931	-	-	4,045,463	4,546,504
Gross operating costs	(2,311,793)	(2,382,995)	(144,974)	(126,059)	-	-	(2,456,767)	(2,509,054)
Gross operating profit	1,177,206	1,651,578	411,490	385,872	-	-	1,588,696	2,037,450
Investment income (net)	-	-	-	-	969,641	1,059,856	969,641	1,059,856
Miscellaneous income	131,596	124,199	-	-	-	-	131,596	124,199
Depreciation	(597,326)	(573,864)	(430,147)	(430,147)	-	-	(1,027,473)	(1,004,011)
Expenses	(252,220)	(251,271)	-	-	-	-	(252,220)	(251,271)
Financial charges	(68)	(531)	(66,208)	(112,951)	-	-	(66,276)	(113,482)
Profit (loss) for the period	459,188	950,111	(84,865)	(157,226)	969,641	1,059,856	1,343,964	1,852,741

Total assets	Hotel business and corporate		Office towers		Investments		Total	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	Reviewed BD	Audited BD	Reviewed BD	Audited BD	Reviewed BD	Audited BD	Reviewed BD	Audited BD
Total assets	43,516,951	44,208,974	27,072,529	27,269,717	16,585,333	17,284,778	87,174,813	88,763,469
Total liabilities	1,802,545	2,061,467	2,760,057	3,995,650	-	-	4,562,602	6,057,117
Capital expenditure	162,362	458,149	9,790	-	-	-	172,152	458,149

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 2017 (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:

	<u>For the three months ended 30 June 2017 (Reviewed)</u>				<u>For the three months ended 30 June 2016 (Reviewed)</u>			
	<u>Purchases</u>	<u>Fees for</u>	<u>Other</u>	<u>Revenue</u>	<u>Purchases</u>	<u>management</u>	<u>Other</u>	<u>Revenue</u>
	<u>BD</u>	<u>services</u>	<u>expenses</u>	<u>and</u>	<u>BD</u>	<u>services</u>	<u>expenses</u>	<u>other</u>
		<u>BD</u>	<u>BD</u>	<u>income</u>		<u>BD</u>	<u>BD</u>	<u>income</u>
				<u>BD</u>				<u>BD</u>
Associated company	29,444	-	-	-	19,478	-	-	-
Management company (Rezidor)	-	58,376	2,367	-	-	62,911	6,887	1,881
Directors	-	-	9,750	-	-	-	9,750	2,186
	<u>29,444</u>	<u>58,376</u>	<u>12,117</u>	<u>-</u>	<u>19,478</u>	<u>62,911</u>	<u>16,637</u>	<u>4,067</u>
	<u>For the six months ended 30 June 2017 (Reviewed)</u>				<u>For the six months ended 30 June 2016 (Reviewed)</u>			
	<u>Purchases</u>	<u>Fees for</u>	<u>Other</u>	<u>Revenue</u>	<u>Purchases</u>	<u>management</u>	<u>Other</u>	<u>Revenue</u>
	<u>BD</u>	<u>services</u>	<u>expenses</u>	<u>and</u>	<u>BD</u>	<u>services</u>	<u>expenses</u>	<u>other</u>
		<u>BD</u>	<u>BD</u>	<u>income</u>		<u>BD</u>	<u>BD</u>	<u>income</u>
				<u>BD</u>				<u>BD</u>
Associated company	46,644	-	-	-	55,891	-	-	-
Management company (Rezidor)	-	95,103	12,838	-	-	126,931	15,709	6,099
Directors	-	-	24,000	-	-	-	19,500	5,143
	<u>46,644</u>	<u>95,103</u>	<u>36,838</u>	<u>-</u>	<u>55,891</u>	<u>126,931</u>	<u>35,209</u>	<u>11,242</u>

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2017 (Reviewed)

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	<u>Trade and other payables</u>	
	<u>30 June</u>	<u>31 December</u>
	2017	2016
	Audited	Audited
	BD	BD
Associated company	5,832	10,093
Management company (Rezidor)	95,100	108,874
Directors	-	179,000
	100,932	297,967

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 2017 (30 June 2016: same). Further, the directors' remuneration paid during the period amounted to BD 179,000 (30 June 2016: BD 179,000).

Compensation of key management personnel

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

	<u>For the three</u>		<u>For the six</u>	
	<u>months ended</u>		<u>months ended</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	2017	2016	2017	2016
	Reviewed	Reviewed	Reviewed	Reviewed
	BD	BD	BD	BD
Short-term benefits	47,065	43,681	90,469	86,807
Post-employment benefits	4,141	4,043	7,902	14,838
	51,206	47,724	98,371	101,645

12 COMMITMENTS

The Board of Directors have authorised future capital expenditure amounting to BD 5.8 million as of 30 June 2017 pertaining to refurbishment of hotel rooms and lobby (2016: same).

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2017 (Reviewed)

13 FAIR VALUE MEASUREMENT

As at 30 June 2017, 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	
Assets measured at fair value:					
Available-for-sale investment	30 June 2017	4,423,620	-	-	4,423,620
Held-for-trading investments	30 June 2017	43,860	-	-	43,860
Revalued freehold land	1 December 2016	-	-	31,774,218	31,774,218

As at 31 December 2016, 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	
Assets measured at fair value:					
Available-for-sale investment	31 December 2016	4,546,336	-	-	4,546,336
Held-for-trading investments	31 December 2016	40,926	-	-	40,926
Revalued freehold land	1 December 2016	-	-	31,774,218	31,774,218

During the reporting periods ended 30 June 2017 and 30 June 2016 and year ended 31 December 2016, 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.