

National Hotels Company B.S.C.

**INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2013 (UNAUDITED)

REVIEW REPORT TO THE BOARD OF DIRECTORS OF NATIONAL HOTELS COMPANY B.S.C.

Introduction

We have reviewed the accompanying interim condensed financial statements of National Hotels Company B.S.C. ("the Company") as at 30 September 2013, comprising of the interim statement of financial position as at 30 September 2013 and the related interim statements of income, comprehensive income, cash flows, changes in equity for the nine months period then ended and explanatory information. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International 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.



24 October 2013
Manama, Kingdom of Bahrain

National Hotels Company B.S.C.
 INTERIM STATEMENT OF FINANCIAL POSITION
 At 30 September 2013 (Unaudited)

		30 September 2013 Unaudited BD	31 December 2012 Audited BD
ASSETS			
Non-current assets			
Property, plant and equipment		70,538,774	72,968,905
Investment in an associate	3	5,389,389	5,289,027
Available-for-sale investments	4	2,402,533	2,012,076
Total non-current assets		78,330,696	80,270,008
Current assets			
Inventories		55,861	56,892
Held-for-trading investments		52,213	397,412
Trade and other receivables		780,070	696,886
Bank balances and cash	5	5,811,333	5,741,582
Total current assets		6,699,477	6,892,772
TOTAL ASSETS		85,030,173	87,162,780
EQUITY AND LIABILITIES			
Equity			
Share capital		10,000,000	10,000,000
Treasury shares		(94,726)	(94,726)
Statutory reserve		5,000,000	5,000,000
General reserve		3,215,079	3,215,079
Revaluation reserve		27,382,813	27,382,813
Available-for-sale investments reserve		1,770,513	1,397,172
Retained earnings		23,564,621	21,560,621
Proposed dividend		-	990,247
Total equity		70,838,300	69,451,206
Non-current liabilities			
Employees' end of service benefits		273,274	228,074
Borrowings		8,785,404	10,648,429
Total non-current liabilities		9,058,678	10,876,503
Current liabilities			
Trade and other payables		2,108,031	3,808,105
Borrowings		3,025,164	3,026,966
Total current liabilities		5,133,195	6,835,071
Total liabilities		14,191,873	17,711,574
TOTAL EQUITY AND LIABILITIES		85,030,173	87,162,780



Faisal Ahmed Al Zayani
Chairman



Ayad Abdulla Ahmed Al Sumait
Vice Chairman and Managing Director

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

National Hotels Company B.S.C.

INTERIM STATEMENT OF INCOME

For the nine months period ended 30 September 2013 (unaudited)

	Note	Three months period ended 30 September		Nine months period ended 30 September	
		2013	2012	2013	2012
		BD	BD	BD	BD
Gross operating revenue		1,728,228	1,719,928	6,109,001	5,041,322
Gross operating costs		(1,038,636)	(1,020,061)	(3,245,172)	(2,862,481)
GROSS OPERATING PROFIT		689,592	699,867	2,863,829	2,178,841
Net Investment income:					
Share of result from an associate	3	228,574	249,524	814,478	771,294
Dividend income		56,133	56,652	148,042	145,766
Net changes in cumulative fair value of held-for-trading-investments		1,742	11,513	3,089	16,742
Profit on disposal of held-for-trading		-	-	25,584	-
Interest on term deposits		21,959	26,289	64,871	61,056
		308,408	343,978	1,056,064	994,858
Miscellaneous income		64,444	64,290	198,794	201,657
Income from office towers		34,223	-	84,563	-
Depreciation		(483,637)	(474,198)	(1,448,702)	(1,148,500)
General and administration expenses		(123,401)	(103,900)	(395,417)	(349,797)
Finance costs		(111,950)	(149,449)	(355,131)	(223,420)
PROFIT FOR THE PERIOD		377,679	380,588	2,004,000	1,653,639
BASIC AND DILUTED EARNINGS PER SHARE (fils)	8	3.81	3.84	20.24	16.70


Faisal Ahmed Al Zayani
Chairman


Ayad Abdulla Ahmed Al Sumait
Vice Chairman and Managing Director

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

National Hotels Company B.S.C.

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the nine months period ended 30 September 2013 (unaudited)

	Note	<i>Three months period ended 30 September</i>		<i>Nine months period ended 30 September</i>	
		2013	2012	2013	2012
		BD	BD	BD	BD
Profit for the period		377,679	380,588	2,004,000	1,653,639
Other comprehensive income					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Net movement in fair values of available-for-sale investments during the period	4	41,835	97,615	390,457	153,394
Share in associate's cumulative changes in fair values	3	12,619	43,038	(17,116)	53,470
Other comprehensive income for the period		54,454	140,653	373,341	206,864
Total comprehensive income for the period		432,133	521,241	2,377,341	1,860,503

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

National Hotels Company B.S.C.

INTERIM STATEMENT OF CASH FLOWS

For the nine months period ended 30 September 2013 (unaudited)

	Note	Nine months period ended 30 September	
		2013	2012
		Unaudited BD	Unaudited BD
OPERATING ACTIVITIES			
Profit for the period		2,004,000	1,653,639
Adjustments for:			
Depreciation		1,448,702	1,148,500
Share of result from an associate	3	(814,478)	(771,294)
Provision for doubtful debts		14,788	-
Provision for employees' end of service benefits		53,982	50,831
Net change in the value of held-for-trading investments		(3,089)	(16,742)
Profit on disposal of held-for-trading investments		(25,584)	-
Interest on term deposits		(64,871)	(61,056)
Dividend income		(148,042)	(145,766)
Operating profit before working capital changes		2,465,408	1,858,112
Working capital changes:			
Inventories		1,031	(8,067)
Trade and other receivables		(97,972)	44,985
Trade and other payables		113,682	134,207
Cash from operations		2,482,149	2,029,237
Directors' remuneration paid		(144,000)	(144,000)
Charity contributions paid		(68,000)	(64,000)
Employees' end of service benefits paid		(8,782)	(9,467)
Net cash flows from operating activities		2,261,367	1,811,770
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(631,244)	(1,140,725)
Dividends received from an associate	3	697,000	540,000
Other dividends received		148,042	145,766
Dividends payable		-	-
Interest received		64,871	61,056
Proceeds from disposal of held-for-trading investments		389,074	-
Purchase of held-for-trading investment		(15,202)	-
Term deposits with original maturities greater than 3 months (net)		4,525,445	1,686,746
Net cash flows from investing activities		5,177,986	1,292,843
FINANCING ACTIVITIES			
Proceeds from borrowings		-	4,716,234
Repayments of borrowings		(1,864,827)	(2,835,853)
Dividends paid		(990,247)	(990,247)
Net cash flows (used in) from financing activities		(2,855,074)	890,134
INCREASE IN CASH AND CASH EQUIVALENTS		4,584,279	3,994,747
Cash and cash equivalents at 1 January	5	1,005,263	209,194
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	5	5,589,542	4,203,941

Non-cash items

- (i) Liabilities towards acquisition of property, plant and equipment included in trade and other payables of BD 263,328 (30 September 2012: BD 2,265,143) were not settled as of the date of interim statement of financial position.
- (ii) Unclaimed dividends pertaining to prior periods amounting to BD 221,791 (30 September 2012: BD 216,877) has been excluded from the movement of trade and other payables.

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

National Hotels Company B.S.C.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the nine months period ended 30 September 2013 (unaudited)

	Share capital	Treasury shares	Statutory reserve	General reserve	Revaluation reserve	Available for-sale investments reserve	Retained earnings	Proposed dividends	Total
	BD	BD	BD	BD	BD	BD	BD	BD	BD
Balance at 1 January 2013	10,000,000	(94,726)	5,000,000	3,215,079	27,382,813	1,397,172	21,560,621	990,247	69,451,206
Profit for the period	-	-	-	-	-	-	2,004,000	-	2,004,000
Other comprehensive income for the period	-	-	-	-	-	373,341	-	-	373,341
Total comprehensive income for the period	-	-	-	-	-	373,341	2,004,000	-	2,377,341
Dividends paid (note 7)	-	-	-	-	-	-	-	(990,247)	(990,247)
Balance at 30 September 2013 (Unaudited)	10,000,000	(94,726)	5,000,000	3,215,079	27,382,813	1,770,513	23,564,621	-	70,838,300
Balance at 1 January 2012	10,000,000	(94,726)	4,819,216	3,215,079	27,382,813	1,242,479	20,693,540	990,247	68,248,648
Profit for the period	-	-	-	-	-	-	1,653,639	-	1,653,639
Other comprehensive income for the period	-	-	-	-	-	206,864	-	-	206,864
Total comprehensive income for the period	-	-	-	-	-	206,864	1,653,639	-	1,860,503
Dividends paid (note 7)	-	-	-	-	-	-	-	(990,247)	(990,247)
Balance at 30 September 2012 (Unaudited)	10,000,000	(94,726)	4,819,216	3,215,079	27,382,813	1,449,343	22,347,179	-	69,118,904

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

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. During the year 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 24 October 2013.

2 ACCOUNTING POLICIES

Basis of preparation

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

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual financial statements as at 31 December 2012.

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

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

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

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

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

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

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

2 ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

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

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

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

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

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

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

IFRS 12 Disclosure of Interests in Other Entities

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

IFRS 13 Fair Value Measurement

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

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

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

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2013 (Unaudited)

3 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 involved in the business of investment in bonds and shares as well as importing and selling consumer products. The entity is not listed on any public exchange.

The movements during the period / year are as follows:

	30 September 2013 Unaudited BD	31 December 2012 Audited BD	30 September 2012 Unaudited BD
At 1 January	5,289,027	4,665,596	4,665,596
Share of result during the period / year / period	814,478	1,120,297	771,294
Dividends received during the period / year / period	(697,000)	(540,000)	(540,000)
Share of changes in associate's cumulative changes in fair values	(17,116)	43,134	53,470
	5,389,389	5,289,027	4,950,360

4 AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2013 Unaudited BD	31 December 2012 Audited BD
Equity investments:		
Quoted investments	2,091,733	1,701,276
Unquoted investments (at cost)*	310,800	310,800
	2,402,533	2,012,076

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

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

	For the nine months ended 30 September 2013 Unaudited BD	For the year ended 31 December 2012 Audited BD	For the nine months ended 30 September 2012 Unaudited BD
Opening balance	1,701,276	1,589,717	1,589,717
Unrealised gain on available for sale investments	390,457	111,559	153,394
Closing balance	2,091,733	1,701,276	1,743,111

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2013 (Unaudited)

4 AVAILABLE-FOR-SALE INVESTMENTS (continued)

Fair value hierarchy

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

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

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

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

All available-for-sale investments carried at fair value were valued under level 1 fair value hierarchy, there were no financial instruments which were fair valued under level 2 and level 3 fair value hierarchy.

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

5 BANK BALANCES AND CASH

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

	30 September 2013 Unaudited BD	31 December 2012 Audited BD	30 September 2012 Unaudited BD
Cash in hand	7,312	7,667	7,387
Cash at bank	1,724,279	1,208,470	1,632,088
Term deposits	4,079,742	4,525,445	4,499,993
Bank balances and cash	5,811,333	5,741,582	6,139,468
Term deposits with original maturities of more than three months	-	(4,525,445)	(1,718,650)
Restricted cash	(221,791)	(210,874)	(216,877)
Cash and cash equivalents as per the statement of cash flows	5,589,542	1,005,263	4,203,941

Bank balances amounting to BD 221,791 (30 September 2012: BD 216,877) 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 2.13% (2012: 2.45%). These term deposits have a maturity ranging from one month to three months (30 September 2012: maturity ranging from one month to six months).

6 SEASONALITY OF RESULTS

Dividend income of BD 148,042 for the nine months period ended 30 September 2013 (for the period ended 30 September 2012: BD 145,766) is of a seasonal nature.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2013 (Unaudited)

7 DIVIDENDS

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

8 EARNINGS PER SHARE

	<i>For the three months period ended</i>		<i>For the nine months period ended</i>	
	<i>30 September 2013 Unaudited BD</i>	<i>30 September 2012 Unaudited BD</i>	<i>30 September 2013 Unaudited BD</i>	<i>30 September 2012 Unaudited BD</i>
Profit for the period – BD	377,679	380,588	2,004,000	1,653,639
Average shares in issue (net of treasury shares)	99,024,710	99,024,710	99,024,710	99,024,710
Basic and diluted earnings per share – fils	3.81	3.84	20.24	16.70

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

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.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

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 trade receivables. 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 trade payables, accrued liabilities and borrowings.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2013 (Unaudited)

9 SEGMENT INFORMATION (continued)

	Hotel business and corporate						Investments						Total									
	2013		2012		2013		2012		2013		2012		2013		2012		2013		2012			
	Unaudited	BD	Unaudited	BD	Unaudited	BD	Unaudited	BD	Unaudited	BD	Unaudited	BD	Unaudited	BD	Unaudited	BD	Unaudited	BD	Unaudited	BD		
Three months ended 30 September																						
Gross operating revenue	1,728,228		1,719,928		-		-		-		-		-		-		1,728,228		1,719,928			
Gross operating costs	(1,038,636)		(1,020,061)		-		-		-		-		-		-		(1,038,636)		(1,020,061)			
Gross operating profit	689,592		699,867		-		-		-		-		-		-		689,592		699,867			
Investment income	-		-		-		-		308,408		343,978		308,408		343,978		308,408		343,978			
Income from office towers	-		-		34,223		-		-		-		-		-		34,223		-			
Other income	64,444		64,290		-		-		-		-		-		-		64,444		64,290			
Depreciation	(271,779)		(474,198)		(211,858)		-		-		-		-		-		(483,637)		(474,198)			
Expenses	(81,822)		(103,900)		(41,579)		-		-		-		-		-		(123,401)		(103,900)			
Finance costs	(378)		(149,449)		(111,572)		-		-		-		-		-		(111,950)		(149,449)			
Profit for the period	400,057		36,610		(330,786)		-		308,408		343,978		308,408		343,978		377,679		380,588			
Nine months ended 30 September																						
Gross operating revenue	6,109,001		5,041,322		-		-		-		-		-		-		6,109,001		5,041,322			
Gross operating costs	(3,245,172)		(2,862,481)		-		-		-		-		-		-		(3,245,172)		(2,862,481)			
Gross operating profit	2,863,829		2,178,841		-		-		-		-		-		-		2,863,829		2,178,841			
Investment income	-		-		-		-		1,056,064		994,858		1,056,064		994,858		1,056,064		994,858			
Income from office towers	-		-		84,563		-		-		-		-		-		84,563		-			
Other income	198,794		201,657		-		-		-		-		-		-		198,794		201,657			
Depreciation	(815,280)		(1,148,500)		(633,422)		-		-		-		-		-		(1,448,702)		(1,148,500)			
Expenses	(291,175)		(339,607)		(104,242)		(10,190)		-		-		-		-		(395,417)		(349,797)			
Finance costs	(378)		(149,449)		(354,753)		(73,971)		-		-		-		-		(355,131)		(223,420)			
Profit for the period	1,955,790		742,942		(1,007,854)		(84,161)		1,056,064		994,858		1,056,064		994,858		2,004,000		1,653,639			

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 September 2013 (Unaudited)

9 SEGMENT INFORMATION (continued)

	Hotel business and corporate		Office towers		Investments		Total	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	BD	BD	BD	BD	BD	BD	BD	BD
Total assets	44,611,178	45,899,228	26,763,527	27,823,455	13,655,468	13,440,097	85,030,173	87,162,780
Total liabilities	1,936,638	2,077,088	12,255,235	15,634,486	-	-	14,191,873	17,711,574

All sales and profit from the hotel business and corporate are earned in the Kingdom of Bahrain. Investment income is earned from GCC countries including the Kingdom of Bahrain.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2013 (Unaudited)

10 RELATED PARTY TRANSACTIONS

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

Transactions with related parties during the period are as follows:

	For the three months ended 30 September 2013			For the three months ended 30 September 2012				
	Purchases BD	Fees for management services BD	Other expenses BD	Revenue and other income BD	Purchases BD	Fees for management services BD	Other expenses BD	Revenue and other income BD
Associated company	16,017	-	-	52	19,356	-	-	-
Rezidor	-	50,974	2,288	2,117	-	56,596	-	230
Directors	-	-	-	1,847	-	-	-	2,449
	<u>16,017</u>	<u>50,974</u>	<u>2,288</u>	<u>4,016</u>	<u>19,356</u>	<u>56,596</u>	<u>-</u>	<u>2,679</u>
	For the nine months ended 30 September 2013			For the nine months ended 30 September 2012				
	Purchases BD	Fees for management services BD	Other Expenses BD	Revenue and other income BD	Purchases BD	Fees for management services BD	Other Expenses BD	Revenue and other income BD
Associated company	53,731	-	-	167	47,816	-	-	157
Rezidor	-	217,692	7,087	10,794	-	166,182	178	1,598
Directors	-	-	-	24,858	-	-	-	5,901
	<u>53,731</u>	<u>217,692</u>	<u>7,087</u>	<u>35,819</u>	<u>47,816</u>	<u>166,182</u>	<u>178</u>	<u>7,656</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2013 (Unaudited)

10 RELATED PARTY TRANSACTIONS (continued)

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

	<i>30 September 2013</i>		<i>31 December 2012</i>	
	<i>Receivables</i>	<i>Payables</i>	<i>Receivables</i>	<i>Payables</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Associated Company	-	7,476	-	29,588
Rezidor	12,234	215,500	12,236	192,822
Directors	-	2,998	-	-
	12,234	225,974	12,236	222,410

Terms and conditions of transactions with related parties

Outstanding balances at the period / year end arise in the normal course of business and are unsecured, interest free and settlement occurs in cash, and are usually settled within 30 days. There have been no guarantees provided for any related party payables.

Remuneration paid to the directors during the period ended 30 September 2013 amounted to BD 144,000 (30 September 2012: BD 144,000).

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 nine months ended</i>	
	<i>30 September 2013</i>	<i>30 September 2012</i>	<i>30 September 2013</i>	<i>30 September 2012</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Short-term benefits	38,495	38,670	118,412	116,010
Post-employment benefits	2,846	2,693	11,821	20,187
	41,341	41,363	130,233	136,197