

National Hotels Company B.S.C.

**INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2014 (REVIEWED)

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

Introduction

We have reviewed the accompanying interim condensed financial statements of National Hotels Company B.S.C. (the "Company") as at 30 September 2014, comprising of the interim condensed statement of financial position as at 30 September 2014 and the related interim condensed statements of profit or loss, comprehensive income, cash flows and changes in equity for the nine months 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.



Nader Rahimi
Auditor's Registration No. 115
23 October 2014
Manama, Kingdom of Bahrain

National Hotels Company B.S.C.

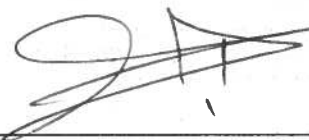
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

At 30 September 2014 (reviewed)

		30 September 2014 Reviewed BD	31 December 2013 Audited BD
ASSETS			
Non-current assets			
Property, plant and equipment		78,884,029	78,315,547
Investment in an associate	3	5,897,000	5,753,702
Available-for-sale investments	4	2,625,651	2,569,871
Total non-current assets		87,406,680	86,639,120
Current assets			
Inventories		61,552	62,697
Held-for-trading investments		56,673	48,766
Trade and other receivables		565,481	617,007
Bank balances and cash	5	4,922,599	5,892,366
Total current assets		5,606,305	6,620,836
TOTAL ASSETS		93,012,985	93,259,956
EQUITY AND LIABILITIES			
Equity			
Share capital	7	10,500,000	10,000,000
Treasury shares		(94,726)	(94,726)
Statutory reserve		5,000,000	5,000,000
General reserve		2,715,079	2,715,079
Revaluation reserve		35,604,343	35,604,343
Available-for-sale investment reserve		2,066,984	2,017,287
Retained earnings		25,233,565	23,110,831
Proposed dividend	7	-	1,490,247
Total equity		81,025,245	79,843,061
Non-current liabilities			
Employees' end of service benefits		326,769	284,465
Term loan		6,297,166	8,161,994
Total non-current liabilities		6,623,935	8,446,459
Current liabilities			
Trade and other payables		2,336,839	1,943,470
Current portion of term loan		3,026,966	3,026,966
Total current liabilities		5,363,805	4,970,436
Total liabilities		11,987,740	13,416,895
TOTAL EQUITY AND LIABILITIES		93,012,985	93,259,956



Faisal Ahmed Al Zayani
Chairman



Ayad Abdulla Ahmed Al Sumait
Vice Chairman and Managing Director

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

National Hotels Company B.S.C.

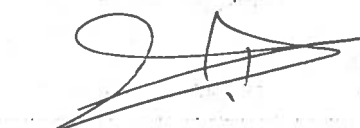
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS

For the nine months ended 30 September 2014 (reviewed)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2014	2013	2014	2013
		Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD
Gross operating revenue		1,935,344	1,762,451	5,981,938	6,193,564
Gross operating costs		(1,137,402)	(1,080,215)	(3,288,608)	(3,349,414)
GROSS OPERATING PROFIT		797,942	682,236	2,693,330	2,844,150
Net Investment income:					
Share of result of an associate	3	339,837	228,574	949,381	814,478
Dividend income	6	56,567	56,133	150,286	148,042
Net changes in fair value of held-for-trading-investments		1,519	1,742	7,907	3,089
Profit on disposal of held-for-trading investments		-	-	-	25,584
Interest on term deposits		8,745	21,959	39,825	64,871
		406,668	308,408	1,147,399	1,056,064
Miscellaneous income		65,303	64,444	227,381	198,794
Depreciation		(448,145)	(483,637)	(1,343,976)	(1,448,702)
General and administration expenses		(74,456)	(81,822)	(327,204)	(291,175)
Financial charges		(84,788)	(111,950)	(274,196)	(355,131)
PROFIT FOR THE PERIOD		662,524	377,679	2,122,734	2,004,000
BASIC AND DILUTED EARNINGS PER SHARE (fiis)	8	6.37	3.81	20.41	20.24



Faisal Ahmed Al Zayari
Chairman



Ayad Abdulla Ahmed Al Sumait
Vice Chairman and Managing Director

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

National Hotels Company B.S.C.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2014 (reviewed)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2014	2013	2014	2013
		Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD
Profit for the period		662,524	377,679	2,122,734	2,004,000
Other comprehensive income					
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>					
Net movement in fair values of available-for-sale investments during the period	4	69,725	41,835	55,780	390,457
Share in associate's cumulative changes in fair values	3	(26,013)	12,619	(6,083)	(17,116)
Other comprehensive income for the period		43,712	54,454	49,697	373,341
Total comprehensive income for the period		706,236	432,133	2,172,431	2,377,341

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

National Hotels Company B.S.C.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2014 (reviewed)

	Note	Nine months ended	
		30 September	
		2014	2013
		Reviewed	Reviewed
		BD	BD
OPERATING ACTIVITIES			
Profit for the period		2,122,734	2,004,000
Adjustments for:			
Depreciation		1,343,976	1,448,702
Loss on disposal of property, plant and equipment		3,568	-
Share of result of an associate	3	(949,381)	(814,478)
Net change in the fair value of held-for-trading		(7,907)	(3,089)
Profit on disposal of held-for-trading investments		-	(25,584)
Provision for doubtful debts		2,059	14,788
Provision for employees' end of service benefits		55,623	53,982
Dividend income	6	(150,286)	(148,042)
Interest on term deposits		(39,825)	(64,871)
		2,380,561	2,465,408
Working capital changes:			
Inventories		1,145	1,031
Trade and other receivables		49,467	(97,972)
Trade and other payables		387,155	113,682
Cash flows from operations		2,818,328	2,482,149
Directors' remuneration paid		(172,000)	(144,000)
Charity contributions paid		(98,000)	(68,000)
Employees' end of service benefits paid		(13,319)	(8,782)
Net cash flows from operating activities		2,535,009	2,261,367
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,700,209)	(631,244)
Proceeds from disposal of property, plant and equipment		29,000	-
Dividends received from an associate	3	800,000	697,000
Other dividends received		150,286	148,042
Interest received		39,825	64,871
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
Net cash flows (used in) from investing activities		(681,098)	5,177,986
FINANCING ACTIVITIES			
Repayments of term loan		(1,864,828)	(1,864,827)
Dividends paid	7	(990,247)	(990,247)
Net cash flows used in financing activities		(2,855,075)	(2,855,074)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(1,001,164)	4,584,279
Cash and cash equivalents at 1 January		5,672,289	1,005,263
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	5	4,671,125	5,589,542

Non-cash items:

- (i) Liabilities towards acquisition of property, plant and equipment to the extent of BD 497,315 (30 September 2013: BD 263,328) with a net increase of BD 244,817 during the period (30 September 2013: net decrease of BD 512,735) were not settled as of the date of interim condensed statement of financial position.
- (ii) Unclaimed dividends pertaining to prior years amounting to BD 251,474 (30 September 2013: BD 221,791) has been excluded from the movement of trade and other payables.

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

National Hotels Company B.S.C.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2014 (reviewed)

	Share capital BD	Treasury shares BD	Statutory reserve BD	General reserve BD	Revaluation reserve BD	Available- for-sale investments reserve BD	Retained earnings BD	Proposed dividend BD	Total BD
As at 1 January 2014	10,000,000	(94,726)	5,000,000	2,715,079	35,604,343	2,017,287	23,110,831	1,490,247	79,843,061
Profit for the period	-	-	-	-	-	-	2,122,734	-	2,122,734
Other comprehensive income for the period	-	-	-	-	-	49,697	-	-	49,697
Total comprehensive income for the period	-	-	-	-	-	49,697	2,122,734	-	2,172,431
Issue of bonus shares (note 7)	500,000	-	-	-	-	-	-	(500,000)	-
Dividends paid (note 7)	-	-	-	-	-	-	-	(990,247)	(990,247)
As at 30 September 2014 (reviewed)	10,500,000	(94,726)	5,000,000	2,715,079	35,604,343	2,066,984	25,233,565	-	81,025,245
As at 1 January 2013	10,000,000	(94,726)	5,000,000	3,215,079	27,382,813	1,397,172	21,560,621	990,247	69,451,206
Profit for the period	-	-	-	-	-	-	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)
As at 30 September 2013 (reviewed)	10,000,000	(94,726)	5,000,000	3,215,079	27,382,813	1,770,513	23,564,621	-	70,838,300

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

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 September 2014 (reviewed)

1 ACTIVITIES

National Hotels Company B.S.C. (the "Company") is a public joint stock company incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under commercial registration (CR) number 1665. The postal address of the Company's registered head office is P.O. Box 5243, Manama, Kingdom of Bahrain. The Company owns the Diplomat Radisson BLU Hotel, which is managed by Rezidor Hotel Group ("Rezidor") under a 15 year management agreement dated 20 July 2000. In 2007, the Company commenced the operations of its serviced apartments, which are also managed by Rezidor under a 12 year management agreement dated 6 May 2003. In 2012, the Company commenced the operations of its office towers, which are managed by the Company directly.

The Company operates solely in the Kingdom of Bahrain.

The interim condensed financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 23 October 2014.

2 ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements for the nine months ended 30 September 2014 have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" and in conformity with the Bahrain Commercial Companies Law, applicable requirements of the Central Bank of Bahrain Rule Book (applicable provisions of Volume 6) and rules and procedures of the Bahrain Bourse.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual financial statements as at 31 December 2013. In addition, results for the nine months ended 30 September 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

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

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

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

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

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

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

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

30 September 2014 (reviewed)

2 ACCOUNTING POLICIES (continued)**Significant accounting policies (continued)***Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39*

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

IFRIC 21 Levies

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

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

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

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

3 INVESTMENT IN AN ASSOCIATE

The Company has a 33.33% (2013: 33.33%) interest in African & Eastern (Bahrain) W.L.L., which is incorporated in the Kingdom of Bahrain and is involved in the business of investment in bonds and shares as well as importing and selling consumer products. African & Eastern (Bahrain) W.L.L. is a private entity that is not listed on any public exchange. The Company's interest in African & Eastern (Bahrain) W.L.L. is accounted for using the equity method in these interim condensed financial statements.

The movements during the period / year were as follows:

	30 September 2014	31 December 2013	30 September 2013
	Reviewed	Audited	Reviewed
	BD	BD	BD
At 1 January	5,753,702	5,289,027	5,289,027
Share of profit during the period / year *	949,381	1,099,355	814,478
Dividends received during the period / year	(800,000)	(697,000)	(697,000)
Share in associate's cumulative changes in fair values	(6,083)	62,320	(17,116)
	5,897,000	5,753,702	5,389,389

* Based on the approved management accounts of African & Eastern (Bahrain) W.L.L., profit of BD 2,848,427 (30 September 2013: BD 2,443,679) was recognised for the nine months period ended 30 September 2014. The Company has recognised profit of BD 949,381 (30 September 2013: BD 814,478) in these interim condensed financial statements representing their 33.33% share.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 September 2014 (reviewed)

4 AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2014 Reviewed BD	31 December 2013 Audited BD
Equity investments:		
Quoted investment	2,314,851	2,259,071
Unquoted investments (at cost) *	310,800	310,800
	2,625,651	2,569,871

* The unquoted investments are carried at cost, as fair value cannot be reliably determined due to the unpredictable nature of future cash flows and the lack of other suitable methods for arriving at a reliable fair value for these investments.

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

	For the nine months ended 30 September 2014 Reviewed BD	For the year ended 31 December 2013 Audited BD	For the nine months ended 30 September 2013 Reviewed BD
Opening balance	2,259,071	1,701,276	1,701,276
Unrealised gain on available-for-sale investments	55,780	557,795	390,457
Closing balance	2,314,851	2,259,071	2,091,733

The available-for-sale investment valued at fair value was valued under level 1 fair value hierarchy, there were no financial instruments which were fair valued under level 2 and level 3 fair value hierarchy (note 12).

5 CASH AND CASH EQUIVALENTS

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

	30 September 2014 Reviewed BD	31 December 2013 Audited BD	30 September 2013 Reviewed BD
Cash on hand	8,052	7,552	7,312
Cash at bank	1,852,522	1,786,937	1,724,279
Term deposits	3,062,025	4,097,877	4,079,742
Bank balances and cash	4,922,599	5,892,366	5,811,333
Bank balances representing unclaimed dividends	(251,474)	(220,077)	(221,791)
Cash and cash equivalents as per the interim condensed statement of cash flows	4,671,125	5,672,289	5,589,542

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 September 2014 (reviewed)

5 CASH AND CASH EQUIVALENTS (continued)

Bank balances amounting to BD 251,474 (2013: BD 220,077) representing unclaimed dividends have not been included in cash and cash equivalents.

Term deposits are short term deposits, denominated in Bahraini Dinars and held with commercial banks in the Kingdom of Bahrain with an average effective interest rate of 1.5% (31 December 2013: 1.8%). These term deposits have original maturities ranging from one month to three months (30 September 2013: maturities ranging from one month to three months).

6 SEASONALITY OF RESULTS

Dividend income of BD 150,286 for the nine months period ended 30 September 2014 (for the period ended 30 September 2013: BD 148,042) is of a seasonal nature.

7 DIVIDENDS

At the annual general meeting of the shareholders held on 27 March 2014, the shareholders of the Company resolved to distribute cash dividends of 10 fils per share amounting to BD 990,247 which was paid on 2 April 2014 from retained earnings and bonus shares from the general reserve at 5 bonus shares for each 100 shares held totalling to 5,000,000 bonus shares with a nominal value of BD 500,000 (2013: cash dividends of 10 fils per share amounted to BD 990,247).

8 EARNINGS PER SHARE

	<i>For the three months period ended</i>		<i>For the nine months period ended</i>	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>
Profit for the period – BD	662,524	377,679	2,122,734	2,004,000
Average shares in issue (net of treasury shares)	104,024,710	99,024,710	104,024,710	99,024,710
Basic and diluted earnings per share – fils	6.37	3.81	20.41	20.24

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

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 September 2014 (reviewed)

9 SEGMENT INFORMATION

The Company's operating businesses are organised into the following segments:

Hotel business and corporate	-	Room rental, food and beverage sales, conference and events, and head office expenses.
Office Towers	-	Office rental from two commercial towers.
Investments	-	Income from investments including associate, held-for-trading investments, available-for-sale investments and term deposits.

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

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

	Hotel business and corporate		Office towers		Investments		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed
Three months ended 30 September	BD	BD	BD	BD	BD	BD	BD	BD
Gross operating revenue	1,751,180	1,728,228	184,164	34,223	-	-	1,935,344	1,762,451
Gross operating costs	(1,073,652)	(1,038,636)	(63,750)	(41,579)	-	-	(1,137,402)	(1,080,215)
Gross operating profit	677,528	689,592	120,414	(7,356)	-	-	797,942	682,236
Investment income (net)	-	-	-	-	406,668	308,408	406,668	308,408
Other income	65,303	64,444	-	-	-	-	65,303	64,444
Depreciation	(234,674)	(271,779)	(213,471)	(211,858)	-	-	(448,145)	(483,637)
Expenses	(74,456)	(81,822)	-	-	-	-	(74,456)	(81,822)
Financial charges	-	(378)	(84,788)	(111,572)	-	-	(84,788)	(111,950)
Profit / (loss) for the period	433,701	400,057	(177,845)	(330,786)	406,668	308,408	662,524	377,679

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 September 2014 (reviewed)

9 SEGMENT INFORMATION (continued)

	Hotel business and corporate		Office towers		Investments		Total	
	2014		2014		2014		2014	
	Reviewed	2013	Reviewed	2013	Reviewed	2013	Reviewed	2013
Nine months ended 30 September	BD	BD	BD	BD	BD	BD	BD	BD
Gross operating revenue	5,433,212	6,109,001	548,726	84,563	-	-	5,981,938	6,193,564
Gross operating costs	(3,133,453)	(3,245,172)	(155,155)	(104,242)	-	-	(3,288,608)	(3,349,414)
Gross operating profit	2,299,759	2,863,829	393,571	(19,679)	-	-	2,693,330	2,844,150
Investment income (net)	-	-	-	-	1,147,399	1,056,064	1,147,399	1,056,064
Other income	227,381	198,794	-	-	-	-	227,381	198,794
Depreciation	(704,489)	(815,280)	(639,487)	(633,422)	-	-	(1,343,976)	(1,448,702)
Expenses	(327,204)	(291,175)	-	-	-	-	(327,204)	(291,175)
Financial charges	-	(378)	(274,196)	(354,753)	-	-	(274,196)	(355,131)
Profit / (loss) for the period	1,495,447	1,955,790	(520,112)	(1,007,854)	1,147,399	1,056,064	2,122,734	2,004,000

	Hotel business and corporate		Office towers		Investments		Total	
	30 September 2014		30 September 2014		30 September 2014		30 September 2014	
	Reviewed	31 December 2013	Reviewed	31 December 2013	Reviewed	31 December 2013	Reviewed	31 December 2013
	BD	Audited	BD	Audited	BD	Audited	BD	Audited
Total assets	52,679,051	52,234,277	26,832,011	26,760,974	13,501,923	14,264,705	93,012,985	93,259,956
Total liabilities	2,320,024	1,992,107	9,667,716	11,424,788	-	-	11,987,740	13,416,895
Capital expenditure	95,602	122,593	60,460	54,520	-	-	156,062	177,113

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

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 September 2014 (reviewed)

10 RELATED PARTY TRANSACTIONS

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

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

	For the three months ended 30 September 2014				For the three months ended 30 September 2013			
	Purchases BD	Fees for management services BD	Other Expenses BD	Revenue and other income BD	Purchases BD	Fees for management services BD	Other Expenses BD	Revenue and other income BD
Associated company	18,715	-	-	58	16,017	-	-	52
Rezidor	-	50,806	-	4,192	-	50,974	2,288	2,117
Directors	-	-	12,000	2,205	-	-	-	1,847
	<u>18,715</u>	<u>50,806</u>	<u>12,000</u>	<u>6,455</u>	<u>16,017</u>	<u>50,974</u>	<u>2,288</u>	<u>4,016</u>
	For the nine months ended 30 September 2014				For the nine months ended 30 September 2013			
	Purchases BD	Fees for management services BD	Other Expenses BD	Revenue and other income BD	Purchases BD	Fees for management services BD	Other Expenses BD	Revenue and other income BD
Associated company	55,978	-	-	214	53,731	-	-	167
Rezidor	-	177,133	-	12,576	-	217,692	7,087	10,794
Directors	-	-	39,210	9,515	-	-	-	24,858
	<u>55,978</u>	<u>177,133</u>	<u>39,210</u>	<u>22,305</u>	<u>53,731</u>	<u>217,692</u>	<u>7,087</u>	<u>35,819</u>

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 September 2014 (reviewed)

10 RELATED PARTY TRANSACTIONS (continued)

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

	30 September 2014		31 December 2013	
	Receivables	Payables	Receivables	Payables
	BD	BD	BD	BD
Associated Company	-	18,629	-	12,901
Rezidor	12,576	177,934	12,576	203,843
Directors	-	-	-	172,000
	12,576	196,563	12,576	388,744

Terms and conditions of transactions with related parties

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

Compensation of key management personnel

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

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	2014	2013	2014	2013
	Reviewed	Reviewed	Reviewed	Reviewed
	BD	BD	BD	BD
Short-term benefits	39,222	38,495	120,738	118,412
Post-employment benefits	3,703	2,846	17,462	11,821
	42,925	41,341	138,200	130,233

11 COMMITMENTS

The directors have authorised future capital expenditure of BD 460,460 (31 December 2013: BD 2,215,000) as of the interim condensed statement of financial position date relating to the refurbishment of the ballroom and syndicate room.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 September 2014 (reviewed)

12 FAIR VALUE MEASUREMENT

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

	<i>Date of valuation</i>	<i>Fair value measurement using</i>			<i>Total BD</i>
		<i>Quoted prices in active markets (Level 1) BD</i>	<i>Significant observable inputs (Level 2) BD</i>	<i>Significant unobservable inputs (Level 3) BD</i>	
Assets measured at fair value:					
<i>Available-for-sale investments</i>	<i>30 September 2014</i>	2,314,851	-	-	2,314,851
<i>Held-for-trading investments</i>	<i>30 September 2014</i>	56,673	-	-	56,673
<i>Revalued freehold land *</i>	<i>31 December 2013</i>	-	-	36,171,650	36,171,650

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

	<i>Date of valuation</i>	<i>Fair value measurement using</i>			<i>Total BD</i>
		<i>Quoted prices in active markets (Level 1) BD</i>	<i>Significant observable inputs (Level 2) BD</i>	<i>Significant unobservable inputs (Level 3) BD</i>	
Assets measured at fair value:					
<i>Available-for-sale investments</i>	<i>31 December 2013</i>	2,259,071	-	-	2,259,071
<i>Held-for-trading investments</i>	<i>31 December 2013</i>	48,766	-	-	48,766
<i>Revalued freehold land *</i>	<i>31 December 2013</i>	-	-	36,171,650	36,171,650

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

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

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