

National Hotels Company B.S.C.

**INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2015 (REVIEWED)

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NATIONAL HOTELS COMPANY B.S.C.

Introduction

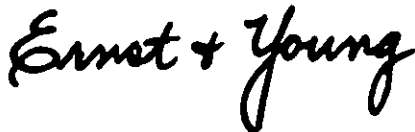
We have reviewed the accompanying interim condensed financial statements of National Hotels Company B.S.C. ("the Company") as at 30 September 2015, comprising of the interim condensed statement of financial position as at 30 September 2015 and the related interim condensed statements of profit or loss, other comprehensive income, cash flows and changes in equity for the nine-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 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.



22 October 2015
Manama, Kingdom of Bahrain

National Hotels Company B.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION

At 30 September 2015 (Reviewed)

	Note	30 September 2015 Reviewed BD	31 December 2014 Audited SD
ASSETS			
Non-current assets			
Property, plant and equipment	3	77,262,926	78,666,173
Investment in an associate	4	6,366,194	6,228,485
Available-for-sale investments	5	2,795,779	2,681,430
Total non-current assets		86,424,899	87,576,088
Current assets			
Inventories		58,480	65,687
Held-for-trading investments		44,783	49,127
Trade and other receivables		712,711	617,160
Bank balances and cash	6	5,817,138	4,890,680
Total current assets		6,643,112	5,622,654
TOTAL ASSETS		93,068,011	93,198,742
EQUITY AND LIABILITIES			
Equity			
Share capital	8	11,025,000	10,500,000
Treasury shares		(94,726)	(94,726)
Statutory reserve		5,250,000	5,250,000
General reserve		2,190,079	2,190,079
Revaluation reserve		35,604,343	35,604,343
Available-for-sale investments reserve		2,216,996	2,097,817
Retained earnings		27,761,322	24,879,085
Proposed dividend	8	-	1,584,759
Total equity		83,953,014	81,891,357
Non-current liabilities			
Employees' end of service benefits		357,671	330,110
Term loan		4,351,260	6,216,087
Total non-current liabilities		4,708,931	6,546,197
Current liabilities			
Trade and other payables		1,919,630	2,174,752
Current portion of term loan		2,486,436	2,486,436
Total current liabilities		4,406,066	4,661,188
Total liabilities		9,114,997	11,207,385
TOTAL EQUITY AND LIABILITIES		93,068,011	93,198,742



Faisal Ahmed Al Zayani
Chairman



Ayad Abdulla Ahmed Al Sumait
Vice Chairman and Managing Director


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

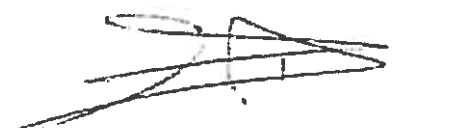
National Hotels Company B.S.C.

INTERIM STATEMENT OF PROFIT OR LOSS

For the nine months ended 30 September 2015 (Reviewed)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2015	2014	2015	2014
		Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD
Gross operating revenue		2,190,227	1,935,344	7,301,182	5,981,938
Gross operating costs		(1,238,146)	(1,137,402)	(3,849,078)	(3,288,608)
GROSS OPERATING PROFIT		952,081	797,942	3,452,104	2,693,330
Net investment income:					
Share of profit from an associate	4	416,519	339,837	1,132,879	949,381
Dividend income	7	61,729	58,567	156,844	150,286
Interest on term deposits		5,689	8,745	19,500	39,825
Net changes in cumulative fair value of held-for-trading investments		(3,555)	1,518	(4,344)	7,907
		480,382	408,668	1,304,879	1,147,399
Miscellaneous income		64,903	65,303	226,973	227,381
Depreciation		(495,559)	(448,145)	(1,486,102)	(1,343,976)
General and administration expenses		(71,853)	(74,458)	(329,955)	(327,204)
Financial charges		(64,864)	(84,789)	(203,713)	(274,198)
Loss on write-off of property, plant and equipment	3	(30,081)	-	(81,949)	-
PROFIT FOR THE PERIOD		835,009	662,524	2,882,237	2,122,734
BASIC AND DILUTED EARNINGS PER SHARE (in fils)	9	8	6	26	19


Faisal Ahmed Al Zayani
Chairman


Ayad Abdulla Ahmed Al Sumalt
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.

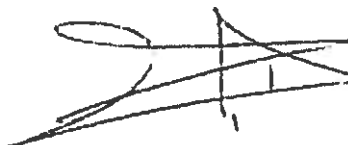
INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2015 (Reviewed)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
<i>Note</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Profit for the period	835,009	662,524	2,882,237	2,122,734
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	5 (30,679)	69,725	114,349	55,780
Share in associate's cumulative changes in fair values	4 (56,223)	(26,013)	4,830	(6,083)
Other comprehensive (loss) income for the period	(86,902)	43,712	119,179	49,697
Total comprehensive income for the period	748,107	708,236	3,001,416	2,172,431



Faisal Ahmed Al Zayani
Chairman



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 CASH FLOWS

For the nine months ended 30 September 2015 (Reviewed)

		<i>Nine months ended</i>	
		<i>30 September</i>	
		2015	2014
		<i>Reviewed</i>	<i>Reviewed</i>
<i>Note</i>		<i>BD</i>	<i>BD</i>
OPERATING ACTIVITIES			
	Profit for the period	2,882,237	2,122,734
	Adjustments for:		
	Depreciation	1,486,102	1,343,976
	Loss on write-off of property, plant and equipment	3 81,949	-
	(Profit) loss on disposal of property, plant and equipment	3 (1,220)	3,568
	Share of profit from an associate	4 (1,132,879)	(949,381)
	Net changes in cumulative fair value of held-for-trading investments	4,344	(7,907)
	Dividend income	7 (156,844)	(150,286)
	Interest on term deposits	(19,500)	(39,825)
	Provision for employees' end of service benefits	45,139	55,623
	(Write back) provision for doubtful debts	(2,773)	2,059
		3,186,555	2,380,561
	Working capital changes:		
	Inventories	(2,793)	1,145
	Trade and other receivables	(92,778)	49,467
	Trade and other payables	63,833	387,154
	Cash flows from operations	3,154,817	2,818,327
	Directors' remuneration paid	11 (172,000)	(172,000)
	Charity contributions paid	(56,000)	(98,000)
	Employees' end of service benefits paid	(17,578)	(13,319)
	Net cash flows from operating activities	2,909,239	2,535,008
INVESTING ACTIVITIES			
	Purchase of property, plant and equipment	(253,078)	(1,700,209)
	Proceeds from disposal of property, plant and equipment	3,000	29,000
	Dividends received from an associate	4 1,000,000	800,000
	Other dividends received	7 156,844	150,286
	Interest received	19,500	39,825
	Net cash flows from (used in) investing activities	926,266	(681,098)
FINANCING ACTIVITIES			
	Repayments of term loan	(1,864,827)	(1,864,827)
	Dividends paid	8 (1,039,759)	(990,247)
	Net cash flows used in financing activities	(2,904,586)	(2,855,074)
	INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	930,919	(1,001,164)
	Cash and cash equivalents at 1 January	4,669,281	5,672,289
	CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	5,600,200	4,671,125

Non-cash items:

- (i) Liabilities towards acquisition of property, plant and equipment to the extent of BD 101,821 (30 September 2014: BD 497,315) with a net decrease of BD 86,494 during the period (30 September 2014: net increase of BD 244,817) were not settled as of the date of interim condensed statement of financial position.
- (ii) Unclaimed dividends pertaining to prior years amounting to BD 216,938 (30 September 2014: BD 251,474) [note 6] with a net decrease of BD 4,461 (30 September 2014: net increase of BD 31,397) 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.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2015 (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 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	-	-	-	-	-	-	2,882,237	-	2,882,237
Other comprehensive income for the period	-	-	-	-	-	119,179	-	-	119,179
Total comprehensive income for the period	-	-	-	-	-	119,179	2,882,237	-	3,001,416
Issue of bonus shares (note 8)	525,000	-	-	-	-	-	-	(525,000)	-
Dividends declared and paid (note 8)	-	-	-	-	-	-	-	(1,039,759)	(1,039,759)
As at 30 September 2015 (reviewed)	11,025,000	(94,726)	5,250,000	2,190,079	35,604,343	2,216,996	27,761,322	-	83,953,014
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 8)	500,000	-	-	-	-	-	-	(500,000)	-
Dividends declared and paid (note 8)	-	-	-	-	-	-	-	(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

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

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.

The Company operates solely in the Kingdom of Bahrain.

Associate

The Company has a 33.33% interest in African & Eastern (Bahrain) W.L.L. (2014: 33.33%).

The interim condensed financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 22 October 2015.

2 ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements for the nine months ended 30 September 2015 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 2014. In addition, results for the nine months ended 30 September 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

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 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015.

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

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

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. The Company did not record any revaluation adjustments during the current interim period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment had no impact on the Company's financial position and performance and all required disclosures have been disclosed in note 11 to the interim financial statements.

30 September 2015 (Reviewed)

2 ACCOUNTING POLICIES (continued)**Significant accounting policies (continued)***IFRS 13 Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Company does not apply the portfolio exception in IFRS 13.

The following other new standards and amendments apply for the first time in 2015. However, they do not impact the annual financial statements of the Company or the interim condensed financial statements of the Company.

- *Amendments to IAS 19 Defined Benefit Plans: Employee Contributions;*
- *IFRS 2 Share-based Payment;*
- *IFRS 3 Business Combinations;*
- *IFRS 8 Operating Segments; and*
- *IAS 40 Investment Property.*

3 PROPERTY, PLANT AND EQUIPMENT

During the nine months ended 30 September 2015, the Company incurred capital expenditure amounting to BD 166,584 (30 September 2014: BD 118,690, year ended 31 December 2014: BD 2,169,993) on its various capital expenditure projects including the refurbishment of the ballroom and syndicate rooms [note 10].

Assets with a net book value of BD 81,949 were written off by the Company during the nine months ended 30 September 2015 (30 September 2014: nil, year ended 31 December 2014: nil). During the nine months ended 30 September 2015, assets with a net book value of BD 1,780 (30 September 2014: BD 32,568, year ended 31 December 2014: BD 32,568) were disposed of by the Company, resulting in a net profit on disposal of BD 1,220 (30 September 2014: net loss on disposal of BD 3,568, year ended 31 December 2014: net loss on disposal of BD 3,068).

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:

	30 September 2015 Reviewed BD	31 December 2014 Audited BD	30 September 2014 Reviewed BD
Balance at 1 January	6,228,485	5,753,702	5,753,702
Share of profit during the period / year *	1,132,879	1,305,812	949,381
Dividends received during the period / year	(1,000,000)	(800,000)	(800,000)
Share in associate's cumulative changes in fair values	4,830	(31,029)	(6,083)
	6,366,194	6,228,485	5,897,000

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 September 2015 (Reviewed)

4 INVESTMENT IN AN ASSOCIATE (continued)

* Based on the approved management accounts of African & Eastern (Bahrain) W.L.L., profit of BD 3,398,976 (30 September 2014: BD 2,848,427) was recognised for the nine months ended 30 September 2015. The Company has recognised profit of BD 1,132,879 (30 September 2014: BD 949,381) in these interim condensed financial statements representing their 33.33% share.

5 AVAILABLE-FOR-SALE INVESTMENTS

	<i>30 September 2015 Reviewed BD</i>	<i>31 December 2014 Audited BD</i>
Equity investments:		
Quoted investment	2,484,979	2,370,630
Unquoted investments (at cost)*	310,800	310,800
	<u>2,795,779</u>	<u>2,681,430</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.

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

	<i>30 September 2015 Reviewed BD</i>	<i>31 December 2014 Audited BD</i>	<i>30 September 2014 Reviewed BD</i>
Balance at 1 January	2,370,630	2,259,071	2,259,071
Unrealised gain on available-for-sale investment	114,349	111,559	55,780
	<u>2,484,979</u>	<u>2,370,630</u>	<u>2,314,851</u>

All available-for-sale investments valued at fair value were valued under level 1 fair value hierarchy, there were no available-for-sale investments which were fair valued under level 2 and level 3 fair value hierarchy (note 13).

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 September 2015 (Reviewed)

6 BANK BALANCES AND CASH

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 September 2015 Reviewed BD	31 December 2014 Audited BD	30 September 2014 Reviewed BD
Cash in hand	8,306	8,063	8,052
Cash at bank	2,981,558	2,073,971	1,852,522
Term deposits	2,827,274	2,808,646	3,062,025
Bank balances and cash	<u>5,817,138</u>	<u>4,890,680</u>	<u>4,922,599</u>
Restricted cash	<u>(216,938)</u>	<u>(221,399)</u>	<u>(251,474)</u>
Cash and cash equivalents as per the interim statement of cash flows	<u><u>5,600,200</u></u>	<u><u>4,669,281</u></u>	<u><u>4,671,125</u></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 commercial banks in the Kingdom of Bahrain with an average effective interest rate of 0.97% (30 September 2014: 1.50%). These term deposits have original maturities ranging from one month to three months (31 December 2014: same).

7 SEASONALITY OF RESULTS

Dividend income of BD 156,844 for the nine months ended 30 September 2015 (30 September 2014: BD 150,286) is of a seasonal nature.

8 EQUITY

Share capital

The authorised, issued and paid-up share capital consists of 105,000,000 shares of BD 0.100 each (31 December 2014: 100,000,000 shares of BD 0.100 each).

The issued and paid-up share capital was increased by BD 525,000 during the period ended 30 September 2015 (30 September 2014: BD 500,000).

Dividends

At the annual general meeting of the shareholders held on 29 March 2015, the shareholders of the Company resolved to distribute cash dividends of 10 fils per share amounting to BD 1,039,759 which was paid on 7 April 2015 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 (31 December 2014: cash dividends of 10 fils per share amounted to BD 990,247 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).

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 September 2015 (Reviewed)

9 EARNINGS PER SHARE

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>
Profit for the period – BD	835,009	662,524	2,882,237	2,122,734
Average shares in issue - net of treasury shares (restated for bonus shares)	109,174,743	109,174,743	109,174,743	109,174,743
Basic and diluted earnings per share - in fils (restated for bonus shares)	8	6	26	19

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 September 2015 (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 September	Hotel business and corporate						Investments						Total			
	2015		2014		2015		2014		2015		2014		2015		2014	
	Reviewed	BD	Reviewed	BD	Reviewed	BD	Reviewed	BD	Reviewed	BD	Reviewed	BD	Reviewed	BD	Reviewed	BD
Gross operating revenue	1,940,184	1,751,180	250,043	184,164	-	-	-	-	-	2,190,227	1,935,344	-	-	2,190,227	1,935,344	
Gross operating costs	(1,184,215)	(1,073,652)	(53,931)	(63,750)	-	-	-	-	-	(1,238,146)	(1,137,402)	-	-	(1,238,146)	(1,137,402)	
Gross operating profit	755,969	677,528	196,112	120,414	-	-	-	-	-	952,081	797,942	-	-	952,081	797,942	
Investment income (net)	-	-	-	-	480,382	406,668	-	-	-	480,382	406,668	-	-	480,382	406,668	
Other income	64,903	65,303	-	-	-	-	-	-	-	64,903	65,303	-	-	64,903	65,303	
Depreciation	(283,788)	(234,674)	(211,771)	(213,471)	-	-	-	-	-	(495,559)	(448,145)	-	-	(495,559)	(448,145)	
Expenses	(101,934)	(74,456)	-	-	-	-	-	-	-	(101,934)	(74,456)	-	-	(101,934)	(74,456)	
Financial charges	(511)	-	(64,353)	(84,788)	-	-	-	-	-	(64,864)	(84,788)	-	-	(64,864)	(84,788)	
Profit (loss) for the period	434,639	433,701	(80,012)	(177,845)	480,382	406,668	(80,012)	(177,845)	480,382	835,009	662,524	480,382	406,668	835,009	662,524	

National Hotels Company B.S.C.
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
30 September 2015 (Reviewed)

10 SEGMENT INFORMATION (continued)

<i>Nine months ended</i> 30 September	<i>Hotel business and corporate</i>		<i>Office towers</i>		<i>Investments</i>		<i>Total</i>	
	2014		2014		2014		2014	
	Reviewed	2014	Reviewed	2014	Reviewed	2014	Reviewed	2014
	BD	BD	BD	BD	BD	BD	BD	BD
Gross operating revenue	6,576,057	5,433,212	725,125	548,726	-	-	7,301,182	5,981,938
Gross operating costs	(3,656,729)	(3,133,453)	(192,349)	(155,155)	-	-	(3,849,078)	(3,288,608)
Gross operating profit	2,919,328	2,299,759	532,776	393,571	-	-	3,452,104	2,693,330
Investment income (net)	-	-	-	-	1,304,879	1,147,399	1,304,879	1,147,399
Miscellaneous income	226,973	227,381	-	-	-	-	226,973	227,381
Depreciation	(850,851)	(704,489)	(635,251)	(639,487)	-	-	(1,486,102)	(1,343,976)
Expenses	(411,904)	(327,204)	-	-	-	-	(411,904)	(327,204)
Financial charges	(674)	-	(203,039)	(274,196)	-	-	(203,713)	(274,196)
Profit (loss) for the period	1,882,872	1,495,447	(305,514)	(520,112)	1,304,879	1,147,399	2,882,237	2,122,734

	<i>Hotel business and corporate</i>		<i>Office towers</i>		<i>Investments</i>		<i>Total</i>	
	30 September 2014		30 September 2014		30 September 2014		30 September 2014	
	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited
	BD	BD	BD	BD	BD	BD	BD	BD
Total assets	50,770,165	52,280,299	27,273,952	27,068,721	15,023,894	13,849,722	93,068,011	93,198,742
Total liabilities	1,968,342	2,182,442	7,146,655	9,024,943	-	-	9,114,997	11,207,385
Capital expenditure (note 3)	166,584	2,104,188	-	65,805	-	-	166,584	2,169,993

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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
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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:

	<i>For the three months ended</i>				<i>For the three months ended</i>			
	<i>30 September 2015 (Reviewed)</i>				<i>30 September 2014 (Reviewed)</i>			
	<i>Purchases</i>	<i>Fees for</i>	<i>Other</i>	<i>Revenue</i>	<i>Purchases</i>	<i>management</i>	<i>Other</i>	<i>Revenue</i>
	<i>BD</i>	<i>services</i>	<i>expenses</i>	<i>and</i>	<i>BD</i>	<i>services</i>	<i>expenses</i>	<i>other</i>
		<i>BD</i>	<i>BD</i>	<i>income</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>income</i>
				<i>BD</i>				<i>BD</i>
Associated company	31,007	-	-	-	18,715	-	-	58
Management company (Rezidor)	-	55,528	-	6,347	-	50,806	-	4,192
Directors	-	-	9,000	1,508	-	-	12,000	2,205
	31,007	55,528	9,000	7,855	18,715	50,806	12,000	6,455

	<i>For the nine months ended</i>				<i>For the nine months ended</i>			
	<i>30 September 2015 (Reviewed)</i>				<i>30 September 2014 (Reviewed)</i>			
	<i>Purchases</i>	<i>Fees for</i>	<i>Other</i>	<i>Revenue</i>	<i>Purchases</i>	<i>management</i>	<i>Other</i>	<i>Revenue</i>
	<i>BD</i>	<i>services</i>	<i>expenses</i>	<i>and</i>	<i>BD</i>	<i>services</i>	<i>expenses</i>	<i>other</i>
		<i>BD</i>	<i>BD</i>	<i>income</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>income</i>
				<i>BD</i>				<i>BD</i>
Associated company	80,143	-	-	580	55,978	-	-	214
Management company (Rezidor)	-	219,874	-	22,386	-	177,133	-	12,576
Directors	-	-	23,250	6,636	-	-	39,210	9,515
	80,143	219,874	23,250	29,602	55,978	177,133	39,210	22,305

30 September 2015 (Reviewed)

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	<u>30 September 2015</u>		<u>31 December 2014</u>	
	<i>Receivables Reviewed BD</i>	<i>Payables Reviewed BD</i>	<i>Receivables Audited BD</i>	<i>Payables Audited BD</i>
Associated company	-	12,657	-	21,585
Management company (Rezidor)	13,293	219,874	12,954	215,983
Directors	-	-	-	172,000
	13,293	232,531	12,954	409,568

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.

The directors' remuneration paid during the nine months ended 30 September 2015 amounted to BD 172,000 (30 September 2014: BD 172,000).

Compensation of key management personnel

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

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<i>30 September 2015 Reviewed BD</i>	<i>30 September 2014 Reviewed BD</i>	<i>30 September 2015 Reviewed BD</i>	<i>30 September 2014 Reviewed BD</i>
Short-term benefits	39,812	39,222	152,108	120,738
Post-employment benefits	3,551	3,703	10,935	17,462
	43,363	42,925	163,043	138,200

12 COMMITMENTS

No future capital expenditure was authorised as of 30 September 2015 (30 September 2014: BD 460,460 relating to the refurbishment of the ballroom and syndicate room).

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 September 2015 (Reviewed)

13 FAIR VALUE MEASUREMENT

As at 30 September 2015, the Company held the following classes of assets measured at fair value:

<i>Fair value measurement using (Reviewed)</i>					
	<i>Quoted prices in active markets (Level 1) BD</i>	<i>Significant observable inputs (Level 2) BD</i>	<i>Significant unobservable inputs (Level 3) BD</i>	<i>Total BD</i>	
<i>Date of valuation</i>					
Assets measured at fair value:					
<i>Available-for-sale investments</i>	<i>30 September 2015</i>	2,484,979	-	-	2,484,979
<i>Held-for-trading investments</i>	<i>30 September 2015</i>	44,783	-	-	44,783
<i>Revalued freehold land</i>	<i>31 December 2014</i>	-	-	36,171,650	36,171,650

As at 31 December 2014, the Company held the following classes of assets measured at fair value:

<i>Fair value measurement using (Audited)</i>					
	<i>Quoted prices in active markets (Level 1) BD</i>	<i>Significant observable inputs (Level 2) BD</i>	<i>Significant unobservable inputs (Level 3) BD</i>	<i>Total BD</i>	
<i>Date of valuation</i>					
Assets measured at fair value:					
<i>Available-for-sale investments</i>	<i>31 December 2014</i>	2,370,630	-	-	2,370,630
<i>Held-for-trading investments</i>	<i>31 December 2014</i>	49,127	-	-	49,127
<i>Revalued freehold land</i>	<i>31 December 2014</i>	-	-	36,171,650	36,171,650

During the reporting periods ended 30 September 2015 and 30 September 2014 and year ended 31 December 2014, 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.