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

**INTERIM CONDENSED  
FINANCIAL STATEMENTS**

**30 SEPTEMBER 2019 (REVIEWED)**

## **REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS 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 2019, comprising of the interim statement of financial position as at 30 September 2019 and the related interim statement of profit or loss, interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows 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 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.



17 October 2019  
Manama, Kingdom of Bahrain

# National Hotels Company B.S.C.

## INTERIM STATEMENT OF FINANCIAL POSITION

At 30 September 2019 (Reviewed)

	Note	30 September 2019 Reviewed BD	31 December 2018 Audited BD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	34,559,808	35,900,777
Investment properties	4	36,944,462	37,380,956
Investment in an associate	5	7,374,635	7,758,073
Non-current investments	6	4,778,065	2,693,435
<b>Total non-current assets</b>		<b>83,656,970</b>	<b>83,733,241</b>
<b>Current assets</b>			
Inventories		99,570	76,994
Current investments	6	56,794	2,049,470
Trade and other receivables		481,258	459,838
Bank balances and cash	7	2,453,642	175,108
<b>Total current assets</b>		<b>3,091,264</b>	<b>2,761,410</b>
<b>TOTAL ASSETS</b>		<b>86,748,234</b>	<b>86,494,651</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	12,127,500	11,025,000
Treasury shares		(94,726)	(94,726)
Statutory reserve		5,512,500	5,512,500
General reserve		1,087,579	1,087,579
Revaluation reserve		13,391,305	13,391,305
Investment revaluation reserve		2,145,488	2,060,858
Share of reserves of associate		149,134	102,286
Retained earnings		50,519,752	49,266,801
Proposed bonus shares	9	-	1,102,500
<b>Total equity</b>		<b>84,838,532</b>	<b>83,454,103</b>
<b>Non-current liability</b>			
Employees' end of service benefits		295,046	331,782
<b>Total non-current liability</b>		<b>295,046</b>	<b>331,782</b>
<b>Current liabilities</b>			
Trade and other payables		1,614,656	2,098,185
Bank overdraft	7	-	610,581
<b>Total current liabilities</b>		<b>1,614,656</b>	<b>2,708,766</b>
<b>Total liabilities</b>		<b>1,909,702</b>	<b>3,040,548</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>86,748,234</b>	<b>86,494,651</b>



Faisal Ahmed Al Zayani  
Chairman



Adel N Hamadeh  
Vice Chairman and Managing Director

The attached notes 1 to 16 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 2019 (Reviewed)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2019	2018	2019	2018
		Reviewed BD	Reviewed BD	Reviewed BD	Reviewed BD
Revenue from contracts with customers	10	1,372,543	1,352,452	4,327,420	3,804,393
Rental income		283,742	269,784	870,124	821,190
<b>Revenue</b>		<b>1,656,285</b>	<b>1,622,236</b>	<b>5,197,544</b>	<b>4,625,583</b>
Gross operating costs		(1,140,398)	(1,167,057)	(3,474,752)	(3,409,763)
<b>GROSS OPERATING PROFIT</b>		<b>515,887</b>	<b>455,179</b>	<b>1,722,792</b>	<b>1,215,820</b>
Net investment income:					
Share of profit from an associate	5	568,772	411,194	1,471,389	1,093,222
Dividend income	8	62,978	62,740	174,721	171,667
Interest income		26,619	18,396	83,065	77,181
Fair value gain on investments at fair value through profit or loss - net	6	(2,874)	3,486	7,324	4,255
		<b>655,495</b>	<b>495,816</b>	<b>1,736,499</b>	<b>1,346,325</b>
Miscellaneous income		75,459	83,427	251,781	243,749
Depreciation		(693,653)	(508,390)	(2,079,799)	(1,525,170)
General and administration expenses		(87,145)	(149,059)	(373,101)	(518,787)
Financial charges		(78)	(11,471)	(3,546)	(37,670)
<b>PROFIT FOR THE PERIOD</b>		<b>465,965</b>	<b>365,502</b>	<b>1,254,626</b>	<b>724,267</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (in fils)</b>	11	<b>4</b>	<b>3</b>	<b>10</b>	<b>6</b>

Faisal Ahmed Al Zayani  
Chairman

Adel N Hamadeh  
Vice Chairman and Managing Director

The attached notes 1 to 16 form part of these interim condensed financial statements.

# National Hotels Company B.S.C.

## INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2019 (Reviewed)

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
	Reviewed	Reviewed	Reviewed	Reviewed
Note	BD	BD	BD	BD
Profit for the period	465,965	365,502	1,254,626	724,267
<b>Other comprehensive income (loss)</b>				
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>				
Net movement in fair values of investments at fair value through other comprehensive income during the period	6 (55,222)	-	84,630	61,357
Share in associate's other comprehensive income	5 (7,305)	6,150	46,848	28,910
<b>Other comprehensive income (loss) for the period</b>	<b>(62,527)</b>	<b>6,150</b>	<b>131,478</b>	<b>90,267</b>
<b>Total comprehensive income for the period</b>	<b>403,438</b>	<b>371,652</b>	<b>1,386,104</b>	<b>814,534</b>

Faisal Ahmed Al Zayani  
Chairman

Adel N Hamadeh  
Vice Chairman and Managing Director

National Hotels Company B.S.C.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2019 (Reviewed)

	Share capital BD	Treasury shares BD	Statutory reserve BD	General reserve BD	Revaluation reserve BD	Investment revaluation reserve BD	Share of associate reserves BD	Retained earnings BD	Proposed bonus shares BD	Total BD
As at 1 January 2019	11,025,000	(94,726)	5,512,500	1,087,579	13,391,305	2,060,858	102,286	49,266,801	1,102,500	83,454,103
Effect of adoption of IFRS 16 by an associate	-	-	-	-	-	-	-	(1,675)	-	(1,675)
As at 1 January 2019	11,025,000	(94,726)	5,512,500	1,087,579	13,391,305	2,060,858	102,286	49,265,126	1,102,500	83,452,428
Profit for the period	-	-	-	-	-	-	-	1,254,626	-	1,254,626
Other comprehensive income for the period	-	-	-	-	-	84,630	46,848	-	-	131,478
Total comprehensive income for the period	-	-	-	-	-	84,630	46,848	1,254,626	-	1,386,104
Issue of bonus shares (note 9)	1,102,500	-	-	-	-	-	-	-	(1,102,500)	-
<b>As at 30 September 2019 (reviewed)</b>	<b>12,127,500</b>	<b>(94,726)</b>	<b>5,512,500</b>	<b>1,087,579</b>	<b>13,391,305</b>	<b>2,145,488</b>	<b>149,134</b>	<b>50,519,752</b>	<b>-</b>	<b>84,838,532</b>

The attached notes 1 to 16 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 2019 (Reviewed)

	Share capital BD	Treasury shares BD	Statutory reserve BD	General reserve BD	Revaluation reserve BD	Investment revaluation reserve BD	Share of associate BD	Retained earnings BD	Proposed dividend BD	Total BD
As at 1 January 2018	11,025,000	(94,726)	5,512,500	2,190,079	13,391,305	1,825,735	22,548	48,183,786	1,091,747	83,147,974
Transfer to retained earnings on adoption of IFRS 9 by an associate	-	-	-	-	-	-	42,843	(42,843)	-	-
As at 1 January 2018 (restated)	11,025,000	(94,726)	5,512,500	2,190,079	13,391,305	1,825,735	65,391	48,140,943	1,091,747	83,147,974
Profit for the period	-	-	-	-	-	-	-	724,267	-	724,267
Other comprehensive income for the period	-	-	-	-	-	61,357	28,910	-	-	90,267
Total comprehensive income for the period	-	-	-	-	-	61,357	28,910	724,267	-	814,534
Dividends declared (note 9)	-	-	-	-	-	-	-	-	(1,091,747)	(1,091,747)
As at 30 September 2018 (reviewed)	11,025,000	(94,726)	5,512,500	2,190,079	13,391,305	1,887,092	94,301	48,865,210	-	82,870,761

The attached notes 1 to 16 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 2019 (Reviewed)

	Note	Nine months ended 30 September	
		2019 Reviewed BD	2018 Reviewed BD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		1,254,626	724,267
Adjustments for:			
Depreciation		2,079,799	1,525,170
Profit on disposal of property, plant and equipment		(431)	-
Share of profit from an associate	5	(1,471,389)	(1,093,222)
Fair value gain on investments at fair value through profit or loss - net	6	(7,324)	(4,255)
Dividend income	8	(174,721)	(171,667)
Interest income		(83,065)	(77,181)
Interest expense		2,946	37,008
(Reversal of) provision for ECLs		(11,215)	66,706
Provision for employees' end of service benefits		41,130	74,346
Operating profit before working capital changes		1,630,356	1,081,172
Working capital changes:			
Inventories		(22,576)	20,414
Trade and other receivables		(12,325)	408,170
Trade and other payables		(46,156)	(220,059)
Cash flows from operations		1,549,299	1,289,697
Employees' end of service benefits paid		(77,866)	(190,125)
Directors' remuneration paid	13	(119,500)	(95,000)
Charitable contributions paid		(44,000)	(39,900)
Net cash flows from operating activities		1,307,933	964,672
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(567,819)	(4,132,158)
Dividends received from an associate	5	1,900,000	1,600,000
Other dividends received	8	174,721	171,667
Interest received		85,185	77,181
Government bond received		2,000,000	-
Investment in mudharaba	6	(2,000,000)	-
Bank deposits with maturities of more than 3 months	7	(1,000,000)	-
Net cash flows from (used in) investing activities		592,087	(2,283,310)
<b>FINANCING ACTIVITIES</b>			
Repayments of term loan		-	(1,243,215)
Dividends paid	9	-	(1,091,747)
Interest paid		(2,946)	(37,008)
Net cash flows used in financing activities		(2,946)	(2,371,970)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1,897,074</b>	<b>(3,690,608)</b>
Cash and cash equivalents at 1 January		(541,368)	2,927,269
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b>7</b>	<b>1,355,706</b>	<b>(763,339)</b>

### Non-cash items:

- (i) Liabilities towards acquisition of property, plant and equipment to the extent of BD 270,998 (30 September 2018: BD 751,562) with net decrease of BD 265,914 during the period (30 September 2018: net increase of BD 382,015) were not settled as of the reporting date
- (ii) Assets disposed off with trade-in value of BD 7,250 were adjusted against the purchase of property, plant and equipment (30 September 2018: nil).
- (ii) Unclaimed dividends pertaining to prior years amounting to BD 97,936 (30 September 2018: BD 105,895) with a net decrease of BD 7,959 (30 September 2018: net decrease of BD 154,885) has been excluded from the movement of trade and other payables.

The attached notes 1 to 16 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, Commerce and Tourism under commercial registration (CR) number 1665. The address of the registered office of the Company is P.O. Box 5243, Building 59, Road 1701, Block 317, Diplomatic Area, Kingdom of Bahrain. The Company owns the Diplomat Radisson BLU Hotel, which is managed by Rezidor Hotel Group ("Rezidor") under a 15 year management agreement dated 20 July 2000. In 2007, the Company commenced the operations of its serviced apartments, which are also managed by Rezidor under a 12 year management agreement dated 6 May 2003. In 2012, the Company commenced the operations of its office towers, which are managed by the Company directly. In 2015, the management agreement was amended to extend the period up to 31 December 2030.

The Company operates solely in the Kingdom of Bahrain.

### *Associate*

The Company has a 33.33% interest in African & Eastern (Bahrain) W.L.L. (2018: 33.33%).

The interim condensed financial statements were authorised for issue by the Board of Directors on 17 October 2019.

## 2 ACCOUNTING POLICIES

### **Basis of preparation**

The interim condensed financial statements for the nine months ended 30 September 2019 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 2018. In addition, results for the nine months ended 30 September 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

### **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 2018, except for the adoption of new standards effective as of 1 January 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company applies, for the first time, IFRS 16 *Leases*.

### **IFRS 16 Leases**

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

**2 ACCOUNTING POLICIES (continued)**

**Significant accounting policies (continued)**

**IFRS 16 Leases (continued)**

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the Company measures the right-of-use assets at 1 January 2019 at an amount which is equal to the lease liability (subject to certain amendments). The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the date of initial application, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

**a) Nature of the effect of adoption of IFRS 16**

Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under trade and other receivables and trade and other payables, respectively.

Upon adoption of IFRS 16, the Company applies a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. As of the reporting date, the Company did not have any leases where it is the lessee.

**b) Summary of new accounting policies**

Set out below are the new accounting policies of the Company upon adoption of IFRS 16:

*Right-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

*Lease liabilities*

At the date of initial application, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments).

**2 ACCOUNTING POLICIES (continued)**

**Significant accounting policies (continued)**

**IFRS 16 Leases (continued)**

**b) Summary of new accounting policies (continued)**

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the date of initial application. After the date of initial application, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

*Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the date of initial application and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below BD 2,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

*Significant judgement in determining the lease term of contracts with renewal options*

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The following other amendments and interpretation apply for the first time in 2019, but do not have a material impact on the interim condensed financial statements of the Company.

- *IFRIC Interpretation 23 Uncertainty over Income Tax Treatment*
- *Amendments to IFRS 9: Prepayment Features with Negative Compensation*
- *Amendments to IAS 19: Plan Amendment, Curtailment or Settlement*
- *Amendments to IAS 28: Long-term interests in associates and joint ventures*

*Annual Improvements 2015-2017 Cycle*

- *IFRS 3 Business Combinations*
- *IFRS 11 Joint Arrangements*
- *IAS 12 Income Taxes*
- *IAS 23 Borrowing Costs*

**3 PROPERTY, PLANT AND EQUIPMENT**

During the nine months ended 30 September 2019, the Company incurred capital expenditure amounting to BD 309,155 (nine months ended 30 September 2018: BD 4,514,173, year ended 31 December 2018: BD 4,862,363) on its various capital expenditure projects.

Assets with a net book value of BD 6,819 were disposed off during the nine months ended 30 September 2019 (nine months ended 30 September 2018: nil, year ended 31 December 2018: nil).

No assets were written off by the Company during the nine months ended 30 September 2019 (nine months ended 30 September 2018: same, year ended 31 December 2018: BD 109,519).

# National Hotels Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

At 30 September 2019 (Reviewed)

### 4 INVESTMENT PROPERTIES

The movement during the period ended 30 September 2019 pertains to depreciation of BD 436,494 (nine months ended 30 September 2018: BD 436,494). The investment properties were valued by an independent valuer on 19 December 2018 and their fair value amounted to BD 40,394,710 as of 30 September 2019 (31 December 2018: BD 40,394,710). The fair value was measured under level 3 fair value hierarchy (note 15). Management considered that the fair value has not changed significantly between 31 December 2018 and 30 September 2019.

### 5 INVESTMENT IN AN ASSOCIATE

The Company has a 33.33% (2018: 33.33%) interest in African & Eastern (Bahrain) W.L.L. (the "Associate"), which is incorporated in the Kingdom of Bahrain and is involved in the business of investment in bonds and shares as well as importing and selling consumer products. African & Eastern (Bahrain) W.L.L. is a private entity that is not listed on any public exchange. The Company's interest in African & Eastern (Bahrain) W.L.L. is accounted for using the equity method in the interim condensed financial statements.

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

	<b>30 September 2019 Reviewed BD</b>	<b>31 December 2018 Audited BD</b>	<b>30 September 2018 Reviewed BD</b>
Balance at 1 January	<b>7,758,073</b>	7,709,859	7,709,859
Effect of adoption of IFRS 16	<b>(1,675)</b>	-	-
Balance at 1 January (restated)	<b>7,756,398</b>	7,709,859	7,709,859
Share of profit during the period / year (i)	<b>1,471,389</b>	1,611,319	1,093,222
Dividends received during the period / year	<b>(1,900,000)</b>	(1,600,000)	(1,600,000)
Share in associate's other comprehensive income	<b>46,848</b>	36,895	28,910
	<b>7,374,635</b>	7,758,073	7,231,991

(i) Based on the reviewed interim condensed financial statements of African & Eastern (Bahrain) W.L.L., profit of BD 4,408,847 was recognised for the nine months ended 30 September 2019 (nine months ended 30 September 2018: BD 3,279,993). The Company has recognised a share of profit of BD 1,471,389 (nine months ended 30 September 2018: BD 1,093,222) in these interim condensed financial statements representing their 33.33% share.

# National Hotels Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

At 30 September 2019 (Reviewed)

### 6 INVESTMENTS

	<b>30 September 2019 Reviewed BD</b>	<b>31 December 2018 Audited BD</b>
<b>Debt instruments at amortised cost (i)</b>	-	2,000,000
<b>Equity investments at FVOCI</b>		
Quoted equity investments (ii) (note 15)	2,429,756	2,346,924
Unquoted equity investments (iii) (note 15)	348,309	346,511
<b>Investments at FVPL</b>		
Investment in mudharaba (note 15)	2,000,000	-
Quoted equity investments (iv) (note 15)	56,794	49,470
	<b>4,834,859</b>	<b>4,742,905</b>
Total current	56,794	2,049,470
Total non-current	4,778,065	2,693,435
	<b>4,834,859</b>	<b>4,742,905</b>

(i) The balance in the last year relates to Government of Bahrain Development Bonds which matured in July 2019.

(ii) The movement in the quoted equity investments of FVOCI is as follows:

	<b>30 September 2019 Reviewed BD</b>	<b>31 December 2018 Audited BD</b>	<b>30 September 2018 Reviewed BD</b>
Balance at 1 January	2,346,924	2,147,512	2,147,512
Fair value gain - net for the period / year	82,832	199,412	61,357
	<b>2,429,756</b>	<b>2,346,924</b>	<b>2,208,869</b>

(iii) The movement in the unquoted equity investments of FVOCI is as follows:

	<b>30 September 2019 Reviewed BD</b>	<b>31 December 2018 Audited BD</b>	<b>30 September 2018 Reviewed BD</b>
Balance at 1 January	346,511	310,800	310,800
Fair value gain - net for the period / year	1,798	35,711	-
	<b>348,309</b>	<b>346,511</b>	<b>310,800</b>

(iv) The movement in quoted equity investments at FVPL of BD 7,324 (nine months ended 30 September 2018: BD 4,255) pertains to fair value gain - net.

For fair value hierarchy of the Company's investments, refer to note 15.

# National Hotels Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

At 30 September 2019 (Reviewed)

### 7 CASH AND CASH EQUIVALENTS

For the purpose of the interim statement of cash flows, cash and cash equivalents are comprised of the following statement of financial position amounts:

	<b>30 September 2019 Reviewed BD</b>	<b>31 December 2018 Audited BD</b>	<b>30 September 2018 Reviewed BD</b>
Cash on hand	12,299	8,013	6,934
Cash at bank	1,441,343	167,095	193,286
Bank deposits	1,000,000	-	-
<b>Bank balances and cash</b>	<b>2,453,642</b>	<b>175,108</b>	<b>200,220</b>
Bank overdraft	-	(610,581)	(857,664)
Restricted cash	(97,936)	(105,895)	(105,895)
Bank deposits with maturities of more than 3 months	(1,000,000)	-	-
<b>Cash and cash equivalents</b>	<b>1,355,706</b>	<b>(541,368)</b>	<b>(763,339)</b>

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

The Company has two bank overdraft facilities of BD 2 million and BD 3 million, respectively, to finance working capital requirements granted by financial institutions in the Kingdom of Bahrain. Both facilities bear interest of 3.5% per annum above one month Bahrain Interbank Offered Rate charged monthly.

### 8 SEASONALITY OF RESULTS

Dividend income of BD 174,721 for the nine months ended 30 September 2019 (nine months ended 30 September 2018: BD 171,667) is of a seasonal nature due to usual timing of payments.

### 9 EQUITY

#### Share capital

	<b>30 September 2019 BD</b>	<b>31 December 2018 BD</b>
Authorised:		
150,000,000 (31 December 2018: 150,000,000) ordinary shares of BD 0.100 each	<b>15,000,000</b>	<b>15,000,000</b>
Issued and fully paid:		
121,275,000 (31 December 2018: 110,250,000) shares of BD 0.100 each	<b>12,127,500</b>	<b>11,025,000</b>



# National Hotels Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

At 30 September 2019 (Reviewed)

### 9 EQUITY (continued)

#### Dividends and bonus shares

At the shareholders' annual general meeting held on 28 March 2019, the shareholders of the Company resolved to distribute bonus shares from the general reserve at 1 bonus shares for each 10 shares held totalling 11,025,000 bonus shares with a nominal value of BD 1,102,500.

During the nine months period ended 30 September 2018 cash dividends of 10 fils per share amounted to BD 1,091,747 from retained earnings was paid.

### 10 REVENUE FROM CONTRACTS WITH CUSTOMERS

	<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>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</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>
<i>Type of goods or service</i>				
Hotel rooms	555,976	446,106	1,792,858	1,166,126
Food and beverages	384,209	384,372	1,294,112	1,251,333
Serviced apartments	371,437	444,051	1,056,629	1,183,464
Other departments	60,921	77,923	183,821	203,470
	<u>1,372,543</u>	<u>1,352,452</u>	<u>4,327,420</u>	<u>3,804,393</u>
<i>Timing of revenue recognition</i>				
Services transferred over time	988,334	968,080	3,033,308	2,553,060
Goods transferred at a point in time	384,209	384,372	1,294,112	1,251,333
	<u>1,372,543</u>	<u>1,352,452</u>	<u>4,327,420</u>	<u>3,804,393</u>

### 11 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>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>
Profit for the period - BD	<u>465,965</u>	<u>365,502</u>	<u>1,254,626</u>	<u>724,267</u>
Average shares in issue - net of treasury shares (restated for bonus shares)	<u>120,092,217</u>	<u>120,092,217</u>	<u>120,092,217</u>	<u>120,092,217</u>
Basic and diluted earnings per share - in fils (restated for bonus shares)	<u>4</u>	<u>3</u>	<u>10</u>	<u>6</u>

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

At 30 September 2019 (Reviewed)

#### 12 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 an associate, current and non-current investments and bank deposits.

Segment assets include all operating assets used by a segment and consist primarily of property, plant and equipment, inventories, current and non-current 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 trade and other payables.

	Hotel business and corporate		Office towers		Investments		Total	
	2018		2018		2018		2018	
	Reviewed	BD	Reviewed	BD	Reviewed	BD	Reviewed	BD
<b>Three months ended 30 September</b>								
Revenue from contracts with customers	1,372,543	1,352,452	-	-	-	-	1,372,543	1,352,452
Rental income	-	-	283,742	269,784	-	-	283,742	269,784
Gross operating costs	(1,054,183)	(1,084,438)	(86,215)	(82,619)	-	-	(1,140,398)	(1,167,057)
Gross operating profit	318,360	268,014	197,527	187,165	-	-	515,887	455,179
Net investment income	-	-	-	-	655,495	495,816	655,495	495,816
Miscellaneous income	75,459	83,427	-	-	-	-	75,459	83,427
Depreciation	(478,435)	(292,485)	(215,218)	(215,905)	-	-	(693,653)	(508,390)
General and administration expenses	(87,145)	(149,059)	-	-	-	-	(87,145)	(149,059)
Financial charges	(78)	(11,471)	-	-	-	-	(78)	(11,471)
(Loss) profit for the period	(171,839)	(101,574)	(17,691)	(28,740)	655,495	495,816	465,965	365,502



National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

At 30 September 2019 (Reviewed)

12 SEGMENT INFORMATION (continued)

Nine months ended 30 September	Hotel business and corporate		Office towers		Investments		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed
	BD	BD	BD	BD	BD	BD	BD	BD
Revenue from contracts with customers	4,327,420	3,804,393	-	-	-	-	4,327,420	3,804,393
Rental income	-	-	870,124	821,190	-	-	870,124	821,190
Gross operating costs	(3,244,074)	(3,174,669)	(230,678)	(235,094)	-	-	(3,474,752)	(3,409,763)
Gross operating profit	1,083,346	629,724	639,446	586,096	-	-	1,722,792	1,215,820
Net investment income	-	-	-	-	1,736,499	1,346,325	1,736,499	1,346,325
Miscellaneous income	251,781	243,749	-	-	-	-	251,781	243,749
Depreciation	(1,434,017)	(877,450)	(645,782)	(647,720)	-	-	(2,079,799)	(1,525,170)
General and administration expenses	(373,101)	(518,787)	-	-	-	-	(373,101)	(518,787)
Financial charges	(3,546)	(27,186)	-	(10,484)	-	-	(3,546)	(37,670)
(Loss) profit for the period	(475,537)	(549,950)	(6,336)	(72,108)	1,736,499	1,346,325	1,254,626	724,267

Total assets	Hotel business and corporate		Office towers		Investments		Total	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited
	BD	BD	BD	BD	BD	BD	BD	BD
Total assets	32,929,374	34,752,257	40,609,366	39,241,416	13,209,494	12,500,978	86,748,234	86,494,651
Total liabilities	1,801,460	2,926,076	108,242	114,472	-	-	1,909,702	3,040,548
Capital expenditure	309,155	4,862,363	-	-	-	-	309,155	4,862,363

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**  
 At 30 September 2019 (Reviewed)

**13 RELATED PARTY TRANSACTIONS AND BALANCES**

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

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

	For the three months ended 30 September 2019 (Reviewed)			For the three months ended 30 September 2018 (Reviewed)		
	Purchases BD	Fees for management services BD	Other expenses BD	Purchases BD	Fees for management services BD	Other expenses BD
The Associate	32,608	-	-	15,214	-	-
Management company (Rezidor)	-	29,652	5,548	-	35,346	-
Directors	-	-	45,375	-	-	8,250
	<u>32,608</u>	<u>29,652</u>	<u>50,923</u>	<u>15,214</u>	<u>35,346</u>	<u>8,250</u>

	For the nine months ended 30 September 2019 (Reviewed)			For the nine months ended 30 September 2018 (Reviewed)		
	Purchases BD	Fees for management services BD	Other expenses BD	Purchases BD	Fees for management services BD	Other expenses BD
The Associate	78,292	-	-	46,018	-	-
Management company (Rezidor)	-	108,408	11,646	-	106,054	-
Directors	-	-	135,750	-	-	33,000
	<u>78,292</u>	<u>108,408</u>	<u>147,396</u>	<u>46,018</u>	<u>106,054</u>	<u>33,000</u>

# National Hotels Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

At 30 September 2019 (Reviewed)

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

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

	<i>Trade and other receivables</i>		<i>Trade and other payables</i>	
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>	<i>31 December</i>
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>Reviewed</i>	<i>Audited</i>	<i>Reviewed</i>	<i>Audited</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
The Associate	-	-	14,388	18,318
Management company (Rezidor)	1,470	15,894	175,574	165,235
Directors	1,805	3,177	98,250	119,500
	<b>3,275</b>	<b>19,071</b>	<b>288,212</b>	<b>303,053</b>

#### Terms and conditions of transactions with related parties

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

Directors' remuneration charged to interim statement of profit or loss during the nine months ended 30 September 2019 amounted to BD 98,250 (nine months ended 30 September 2018: 30,000). Further, the directors' remuneration related to year ended 31 December 2018 paid during the period amounted to BD 119,500 (nine months ended 30 September 2018: BD 95,000 related to year ended 31 December 2017).

#### Compensation of key management personnel

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

	<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>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</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>
Short-term benefits	25,117	45,041	115,275	131,240
Post-employment benefits	567	64,485	1,434	153,475
	<b>25,684</b>	<b>109,526</b>	<b>116,709</b>	<b>284,715</b>

### 14 COMMITMENTS

The Board of Directors have not authorised any future capital expenditure as of 30 September 2019 and 31 December 2018.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

At 30 September 2019 (Reviewed)

15 FAIR VALUE MEASUREMENT

As at 30 September 2019, the Company held the following classes of assets measured at fair value:

		<i>Fair value measurement using (Reviewed)</i>			
		<i>Quoted</i>	<i>Significant</i>	<i>Significant</i>	
		<i>prices in</i>	<i>observable</i>	<i>unobservable</i>	
		<i>active</i>	<i>inputs</i>	<i>inputs</i>	
		<i>markets</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
<i>Date of</i>	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>(Reviewed)</i>	
<i>valuation</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
<b>Assets measured at fair value:</b>					
<i>Investments at FVOCI</i>	<i>30 September 2019</i>	<b>2,429,756</b>	-	<b>348,309</b>	<b>2,778,065</b>
<i>Investments at FVPL</i>	<i>30 September 2019</i>	<b>56,794</b>	-	<b>2,000,000</b>	<b>2,056,794</b>
<i>Revalued freehold land</i>	<i>19 December 2018</i>	-	-	<b>13,779,508</b>	<b>13,779,508</b>

As at 31 December 2018, the Company held the following classes of assets measured at fair value:

		<i>Fair value measurement using (Audited)</i>			
		<i>Quoted prices</i>	<i>Significant</i>	<i>Significant</i>	
		<i>prices in</i>	<i>observable</i>	<i>unobservable</i>	
		<i>active</i>	<i>inputs</i>	<i>inputs</i>	
		<i>markets</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
<i>Date of</i>	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>(Audited)</i>	
<i>valuatio</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
<b>Assets measured at fair value:</b>					
<i>Investments at FVOCI</i>	<i>31 December 2018</i>	<b>2,346,924</b>	-	<b>346,511</b>	<b>2,693,435</b>
<i>Investments at FVPL</i>	<i>31 December 2018</i>	<b>49,470</b>	-	-	<b>49,470</b>
<i>Revalued freehold land</i>	<i>19 December 2018</i>	-	-	<b>13,779,508</b>	<b>13,779,508</b>

Fair value of financial instruments is estimated based on the following methods and assumptions:

- Cash and bank balances, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these financial instruments.
- The fair values of the quoted investments are determined by reference to published price quotations in an active market.
- The fair values of unquoted equity investments have been estimated using other appropriate valuation techniques, and using of recent arm's length market transactions, or current fair value of another similar instrument as applicable.
- The fair value of freehold land has been estimated based on valuation estimates of a third party independent valuer. The valuation undertaken is based on open market value, supported by market evidence in which an asset could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of valuations and appropriate adjustments for liquidity and other discount factors.

During the reporting periods ended 30 September 2019 and 30 September 2018 and year ended 31 December 2018, there have been no transfers between Level 1, Level 2 and Level 3 fair value hierarchy.

**15 FAIR VALUE MEASUREMENT (continued)**

For reconciliation of unquoted equity investments classified as Level 3 fair value hierarchy, refer to note 6. There is no movement in the revalued freehold land, therefore, reconciliation of Level 3 fair value hierarchy is not disclosed. For fair value hierarchy and disclosure of fair value information for assets for which fair value is required to be disclosed, refer to note 4.

**16 COMPARATIVE INFORMATION**

Certain comparative information in the interim statement of profit or loss and interim statement of cash flows have been reclassified to conform to the current period presentation. Such reclassifications do not affect previously reported profit or equity.