

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

**INTERIM CONDENSED  
FINANCIAL STATEMENTS**

**31 MARCH 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 31 March 2019, comprising of the interim statement of financial position as at 31 March 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 three-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.



18 April 2019  
Manama, Kingdom of Bahrain

# National Hotels Company B.S.C.

## INTERIM STATEMENT OF FINANCIAL POSITION

At 31 March 2019 (Reviewed)

	Notes	31 March 2019 Reviewed BD	31 December 2018 Audited BD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	35,423,019	35,900,777
Investment properties	4	37,235,458	37,380,956
Investment in an associate	5	7,107,196	7,758,073
Non-current investments	6	2,802,608	2,693,435
<b>Total non-current assets</b>		<b>82,568,281</b>	<b>83,733,241</b>
<b>Current assets</b>			
Inventories		71,318	76,994
Current investments	6	2,055,015	2,049,470
Trade and other receivables		620,845	459,838
Bank balances and cash	7	1,235,972	175,108
<b>Total current assets</b>		<b>3,983,150</b>	<b>2,761,410</b>
<b>TOTAL ASSETS</b>		<b>86,551,431</b>	<b>86,494,651</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	11,025,000	11,025,000
Share capital under registration	9	1,102,500	-
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		2,170,031	2,060,858
Share of reserves of associate		133,434	102,286
Retained earnings		49,870,583	49,266,801
Proposed bonus shares	9	-	1,102,500
<b>Total equity</b>		<b>84,198,206</b>	<b>83,454,103</b>
<b>Non-current liability</b>			
Employees' end of service benefits		316,361	331,782
<b>Total non-current liability</b>		<b>316,361</b>	<b>331,782</b>
<b>Current liabilities</b>			
Trade and other payables		2,036,864	2,098,185
Bank overdraft	7	-	610,581
<b>Total current liabilities</b>		<b>2,036,864</b>	<b>2,708,766</b>
<b>Total liabilities</b>		<b>2,353,225</b>	<b>3,040,548</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>86,551,431</b>	<b>86,494,651</b>



Faisal Ahmed Al Zayani  
Chairman



Adel N Hamadeh  
Vice Chairman and Managing Director

The attached notes 1 to 15 form part of these interim condensed financial statements.

National Hotels Company B.S.C.  
**INTERIM STATEMENT OF PROFIT OR LOSS**  
For the three months ended 31 March 2019 (Reviewed)

	Notes	Three months ended	
		31 March	
		2019	2018
		Reviewed	Reviewed
		BD	BD
Revenue from contracts with customers		1,553,574	1,182,626
Rental income		299,418	275,062
<b>Revenue</b>		<b>1,852,992</b>	<b>1,457,688</b>
Gross operating costs		(1,121,961)	(1,100,827)
<b>GROSS OPERATING PROFIT</b>		<b>731,031</b>	<b>356,861</b>
Net investment income:			
Share of profit of an associate	5	517,975	369,595
Dividend income	8	111,094	108,371
Interest income		25,034	32,172
Fair value gain on investments at fair value through profit or loss - net	6	5,545	558
		<b>659,648</b>	<b>510,696</b>
Miscellaneous income		81,128	82,525
Depreciation		(684,152)	(508,312)
General and administration expenses		(180,427)	(201,144)
Financial charges		(3,446)	(9,766)
<b>PROFIT FOR THE PERIOD</b>		<b>603,782</b>	<b>230,860</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (in fils)</b>	10	<b>6</b>	<b>2</b>

Faisal Ahmed Al Zayani  
Chairman

Adel N Hamadeh  
Vice Chairman and Managing Director

# National Hotels Company B.S.C.

## INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2019 (Reviewed)

	Three months ended 31 March	
	2019	2018
	Reviewed	Reviewed
Notes	BD	BD
Profit for the period	<b>603,782</b>	230,860
<b>Other comprehensive income</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	109,173	(30,679)
Share in associate's other comprehensive income	5 32,823	15,754
<b>Other comprehensive income (loss) for the period</b>	<b>141,996</b>	<b>(14,925)</b>
<b>Total comprehensive income for the period</b>	<b>745,778</b>	<b>215,935</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 three months ended 31 March 2019 (Reviewed)

	Share capital BD	Share capital under registration BD	Treasury shares BD	Statutory reserve BD	General reserve BD	Revaluation reserve BD	Investment revaluation reserve BD	Share of reserves of associate 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 (restated)	11,025,000	-	(94,726)	5,512,500	1,087,579	13,391,305	2,060,858	100,611	49,266,801	1,102,500	83,452,428
Profit for the period	-	-	-	-	-	-	-	-	603,782	-	603,782
Other comprehensive income for the period	-	-	-	-	-	-	109,173	32,823	-	-	141,996
Total comprehensive income for the period	-	-	-	-	-	-	109,173	32,823	603,782	-	745,778
Issue of bonus shares (note 9)	-	1,102,500	-	-	-	-	-	-	-	(1,102,500)	-
As at 31 March 2019 (reviewed)	11,025,000	1,102,500	(94,726)	5,512,500	1,087,579	13,391,305	2,170,031	133,434	49,870,583	-	84,198,206

The attached notes 1 to 15 form part of these interim condensed financial statements.

**National Hotels Company B.S.C.**  
**INTERIM STATEMENT OF CHANGES IN EQUITY**  
For the three months ended 31 March 2019 (Reviewed)

	Share capital BD	Treasury shares BD	Statutory reserve BD	General reserve BD	Revaluation reserve BD	Investment revaluation reserve BD	Share of reserves 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	-	-	-	-	-	-	-	230,860	-	230,860
Other comprehensive (loss) income for the period	-	-	-	-	-	(30,679)	15,754	-	-	(14,925)
Total comprehensive (loss) income for the period	-	-	-	-	-	(30,679)	15,754	230,860	-	215,935
Dividend declared (note 9)	-	-	-	-	-	-	-	-	(1,091,747)	(1,091,747)
As at 31 March 2018 (reviewed)	11,025,000	(94,726)	5,512,500	2,190,079	13,391,305	1,795,056	81,145	48,371,803	-	82,272,162

The attached notes 1 to 15 form part of these interim condensed financial statements.

**National Hotels Company B.S.C.**  
**INTERIM STATEMENT OF CASH FLOWS**

For the three months ended 31 March 2019 (Reviewed)

	Notes	Three months ended 31 March	
		2019 Reviewed BD	2018 Reviewed BD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		603,782	230,860
Adjustments for:			
Depreciation		684,152	508,312
Share of profit of an associate	5	(517,975)	(369,595)
Fair value gain on investments at fair value through profit or loss - net	6	(5,545)	(558)
Dividend income	8	(111,094)	(108,371)
Interest income		(25,034)	(32,172)
Interest expense		2,846	9,105
Provision for ECLs		5,308	36,512
Provision for employees' end of service benefits		19,048	37,914
Operating profit before working capital changes		655,488	312,007
Working capital changes:			
Inventories		5,676	13,106
Trade and other receivables		(263,001)	(93,995)
Trade and other payables		(22,592)	(415,581)
Cash flows from (used in) operations		375,571	(184,463)
Employees' end of service benefits paid		(34,469)	(162,662)
Directors' remuneration paid	12	(33,500)	(35,000)
Net cash flows from (used in) operating activities		307,602	(382,125)
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(66,125)	(1,371,643)
Dividends received from an associate	5	1,200,000	1,100,000
Other dividends received		111,094	108,371
Interest received		121,720	54,422
Interest paid		(2,846)	(15,807)
Net cash flows from (used in) investing activities		1,363,843	(124,657)
<b>FINANCING ACTIVITY</b>			
Repayments of term loan and cash flow used in financing activity		-	(621,609)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1,671,445</b>	<b>(1,128,391)</b>
Cash and cash equivalents at 1 January		(541,368)	2,955,006
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	7	<b>1,130,077</b>	<b>1,826,615</b>

**Non-cash items:**

- (i) Liabilities towards acquisition of property, plant and equipment to the extent of BD 531,683 (31 March 2018: BD 1,438,369) with net decrease of BD 5,229 (31 March 2018: net increase of BD 1,068,817) were not settled as of the date of interim statement of financial position.
- (ii) Unclaimed dividends pertaining to prior years amounting to BD 105,895 (31 March 2018: BD 232,294) with no movement (31 March 2018: net decrease of BD 749) has been excluded from the movement of trade and other payables.
- (iii) Declared dividends pertaining to year ended 31 December 2017 amounting to BD 1,091,747 has been excluded from the movement of trade and other payables.

The attached notes 1 to 15 form part of these interim condensed financial statements.



# National Hotels Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2019 (Reviewed)

### 1 CORPORATE INFORMATION

National Hotels Company B.S.C. (the "Company") is a public joint stock company incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry, 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 18 April 2019.

### 2 ACCOUNTING POLICIES

#### **Basis of preparation**

The interim condensed financial statements for the three months ended 31 March 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 the 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 three months ended 31 March 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.

**2 ACCOUNTING POLICIES (continued)**

**Significant accounting policies (continued)**

**IFRS 16 Leases (continued)**

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

*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).

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*

## National Hotels Company B.S.C.

### NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2019 (Reviewed)

#### 3 PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2019, the Company incurred BD 60,896 (three months ended 31 March 2018: BD 2,440,460, year ended 31 December 2018: BD 4,862,363) on its various capital expenditure projects.

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

#### 4 INVESTMENT PROPERTIES

The movement during the period ended 31 March 2019 pertains to depreciation of BD 145,498 (three months ended 31 March 2018: BD 145,498). 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 31 March 2019 (31 December 2018: BD 40,394,710). The fair value was measured under level 3 fair value hierarchy (note 14). Management considered that the fair value has not change significantly between 31 December 2018 and 31 March 2019.

#### 5 INVESTMENT IN AN ASSOCIATE

The Company has a 33.33% (2018: 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.

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

	<b>31 March 2019 Reviewed BD</b>	<b>31 December 2018 Audited BD</b>	<b>31 March 2018 Reviewed BD</b>
Balance at 1 January	7,758,073	7,709,859	7,709,859
Effect of adoption of IFRS 16	(1,675)	-	-
Balance at 1 January (restated)	<u>7,756,398</u>	<u>7,709,859</u>	<u>7,709,859</u>
Share of profit for the period / year (i)	517,975	1,611,319	369,595
Dividends received during the period / year	(1,200,000)	(1,600,000)	(1,100,000)
Share in associate's other comprehensive income	32,823	36,895	15,754
	<u><u>7,107,196</u></u>	<u><u>7,758,073</u></u>	<u><u>6,995,208</u></u>

(i) Based on the reviewed interim condensed financial statements of African & Eastern (Bahrain) W.L.L., profit of BD 1,556,731 (three months ended 31 March 2018: BD 1,108,896) was recognised for the three months ended 31 March 2019. The Company has recognised a share of profit of BD 517,975 (three months ended 31 March 2018: BD 369,595) in these interim condensed financial statements representing their 33.33% share.

# National Hotels Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2019 (Reviewed)

### 6 INVESTMENTS

	<b>31 March 2019 Reviewed BD</b>	<b>31 December 2018 Audited BD</b>
<b>Debt instruments at amortised cost (i)</b>	<b>2,000,000</b>	<b>2,000,000</b>
<b>Equity investments at FVOCI</b>		
Quoted equity investments (ii) (note 14)	2,454,299	2,346,924
Unquoted equity investments (iii) (note 14)	348,309	346,511
<b>Equity investments at FVPL</b>		
Quoted equity investments (iv) (note 14)	55,015	49,470
	<u><b>4,857,623</b></u>	<u><b>4,742,905</b></u>
Total current	<b>2,055,015</b>	<b>2,049,470</b>
Total non-current	<b>2,802,608</b>	<b>2,693,435</b>
	<u><b>4,857,623</b></u>	<u><b>4,742,905</b></u>

(i) The balance relates to Government of Bahrain Development Bonds and does not include accrued interest which is presented in trade and other receivables.

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

	<b>31 March 2019 Reviewed BD</b>	<b>31 December 2018 Audited BD</b>	<b>31 March 2018 Reviewed BD</b>
Balance at 1 January	2,346,924	2,147,512	2,147,512
Fair value gain (loss) for the period/ year	107,375	199,412	(30,679)
	<u><b>2,454,299</b></u>	<u><b>2,346,924</b></u>	<u><b>2,116,833</b></u>

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

	<b>31 March 2019 Reviewed BD</b>	<b>31 December 2018 Audited BD</b>	<b>31 March 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	-
	<u><b>348,309</b></u>	<u><b>346,511</b></u>	<u><b>310,800</b></u>

(iv) The movement in quoted equity investments at FVPL of BD 5,545 (three months ended 31 March 2018: BD 558) pertains to fair value gain - net.

For fair value hierarchy of the Company's investments, refer to note 14.

## National Hotels Company B.S.C.

### NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 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>31 March 2019 Reviewed BD</b>	<b>31 December 2018 Audited BD</b>	<b>31 March 2018 Reviewed BD</b>
Cash on hand	7,529	8,013	7,464
Cash at bank	1,228,443	167,095	2,051,445
Bank balances and cash	<b>1,235,972</b>	175,108	2,058,909
Bank overdraft	-	(610,581)	-
Restricted cash	<b>(105,895)</b>	(105,895)	(232,294)
Cash and cash equivalents as per the interim statement of cash flows	<b>1,130,077</b>	<b>(541,368)</b>	1,826,615

Restricted cash represents unclaimed dividends and 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 that were 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 111,094 for the three months ended 31 March 2019 (for the three months ended 31 March 2018: BD 108,371) maybe of a seasonal nature due to usual timing of payments.

#### 9 EQUITY

##### Share capital

The authorised, issued and paid-up share capital consists of 110,250,000 shares of BD 0.100 each (31 December 2018: 110,250,000 shares of BD 0.100 each).

##### Dividends and bonus share under registration

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. The increase in share capital is currently under registration.

During the three months period ended 31 March 2018 cash dividends of 10 fils per share amounted to BD 1,091,747 from retained earnings.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2019 (Reviewed)

10 EARNINGS PER SHARE

	<i>For the three months ended</i>	
	<i>31 March 2019 Reviewed</i>	<i>31 March 2018 Reviewed</i>
Profit for the period – BD	<u>603,782</u>	<u>230,860</u>
Average shares in issue - net of treasury shares	<u>109,174,743</u>	<u>109,174,743</u>
Basic and diluted earnings per share - in fils (before bonus shares are registered)	<u>6</u>	<u>2</u>
Average shares in issue - net of treasury shares (assuming bonus shares are registered)	<u>119,016,961</u>	<u>119,016,961</u>
Basic and diluted earnings per share - in fils	<u>5</u>	<u>2</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

31 March 2019 (Reviewed)

### 11 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 term 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		
	2019		2018	2019		2018	2019		2018	2019		2018
	Reviewed	BD	Reviewed	BD	Reviewed	BD	Reviewed	BD	Reviewed	BD	Reviewed	BD
<b>Three months ended 31 March</b>												
Revenue from contracts with customers	1,553,574	1,182,626	-	-	-	-	-	-	-	1,553,574	1,182,626	
Rental income	-	-	299,418	275,062	-	-	-	-	-	299,418	275,062	
Gross operating costs	(1,051,624)	(1,031,343)	(70,337)	(69,484)	-	-	-	-	-	(1,121,961)	(1,100,827)	
Gross operating profit	501,950	151,283	229,081	205,578	-	-	-	-	-	731,031	356,861	
Investment income - net	-	-	-	-	659,648	510,696	-	-	-	659,648	510,696	
Miscellaneous income	81,128	82,525	-	-	-	-	-	-	-	81,128	82,525	
Depreciation	(468,806)	(292,404)	(215,346)	(215,908)	-	-	-	-	-	(684,152)	(508,312)	
General and administration expenses	(180,427)	(201,144)	-	-	-	-	-	-	-	(180,427)	(201,144)	
Financial charges	(3,446)	(661)	-	(9,105)	-	-	-	-	-	(3,446)	(9,766)	
(Loss) profit for the period	(69,601)	(260,401)	13,735	(19,435)	659,648	510,696	-	-	-	603,782	230,860	



National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2019 (Reviewed)

11 SEGMENT INFORMATION (continued)

	Hotel business and corporate		Office towers		Investments		Total	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited
	BD	BD	BD	BD	BD	BD	BD	BD
Total assets	33,612,644	34,752,257	40,973,968	39,241,416	11,964,819	12,500,978	86,551,431	86,494,651
Total liabilities	2,244,453	2,926,076	108,772	114,472	-	-	2,353,225	3,040,548
Capital expenditure	60,896	4,862,363	-	-	-	-	60,896	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

31 March 2019 (Reviewed)

### 12 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:

	<i>For the three months ended 31 March 2019 (Reviewed)</i>		
	<i>Purchases</i>	<i>Fees for management services</i>	<i>Other expenses</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>
Associate	22,900	-	-
Management Company (Rezidor)	-	43,571	4,887
Directors	-	-	45,000
	<b>22,900</b>	<b>43,571</b>	<b>49,887</b>
	<i>For the three months ended 31 March 2018 (Reviewed)</i>		
	<i>Purchases</i>	<i>Fees for management services</i>	<i>Other expenses</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>
Associate	15,711	-	-
Management Company (Rezidor)	-	24,360	4,742
Directors	-	-	18,750
	<b>15,711</b>	<b>24,360</b>	<b>23,492</b>

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>31 March 2019 Reviewed BD</i>	<i>31 December 2018 Audited BD</i>	<i>31 March 2019 Reviewed BD</i>	<i>31 December 2018 Audited BD</i>
Associate	-	-	12,965	18,318
Management Company (Rezidor)	13,002	15,894	216,036	165,235
Directors	3,333	3,177	116,000	119,500
	<b>16,335</b>	<b>19,071</b>	<b>345,001</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.

# National Hotels Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2019 (Reviewed)

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

#### Terms and conditions of transactions with related parties (continued)

Directors' remuneration charged to interim statement of profit or loss during the period ended 31 March 2019 amounted to BD 30,000 (31 March 2018: nil). Further, the directors' remuneration related to year ended 31 December 2018 paid during the period amounted to BD 33,500 (31 March 2018: BD 35,000 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>31 March 2019</i>	<i>31 March 2018</i>
	<i>Reviewed</i>	<i>Reviewed</i>
	<i>BD</i>	<i>BD</i>
Short-term benefits	62,814	55,706
Post-employment benefits	207	24,249
	<b>63,021</b>	<b>79,955</b>

### 13 COMMITMENTS

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

### 14 FAIR VALUE MEASUREMENT

As at 31 March 2019, the Company held the following classes of assets measured at fair value:

	<i>Date of valuation</i>	<i>Fair value measurement using (Reviewed)</i>			<i>Total</i>
		<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</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 March 2019</i>	<b>2,454,299</b>	-	<b>348,309</b>	<b>2,802,608</b>
<i>Investments at FVPL</i>	<i>31 March 2019</i>	<b>55,015</b>	-	-	<b>55,015</b>
<i>Revalued freehold land</i>	<i>19 December 2018</i>	-	-	<b>13,779,508</b>	<b>13,779,508</b>

# National Hotels Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2019 (Reviewed)

### 14 FAIR VALUE MEASUREMENT (continued)

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 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>Investments at FVOCI</i>	<i>31 December 2018</i>	2,346,924	-	346,511	2,693,435
<i>Investments at FVPL</i>	<i>31 December 2018</i>	49,470	-	-	49,470
<i>Revalued freehold land</i>	<i>19 December 2018</i>	-	-	13,779,508	13,779,508

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

- a) Cash and bank balances, term deposits, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these financial instruments.
- b) The fair values of the quoted investments are determined by reference to published price quotations in an active market.
- c) 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.
- d) 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 periods ended 31 March 2019 and 31 March 2018 and year ended 31 December 2018, there have been no transfers between Level 1, Level 2 and Level 3 fair value hierarchy.

There is no movement in the unquoted equity shares and 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.

### 15 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.