

National Hotels Company B.S.C.

**INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 JUNE 2025 (REVIEWED)

REPORT ON THE REVIEW OF THE 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 June 2025, comprising of the interim statement of financial position as at 30 June 2025 and the related interim statements of profit or loss and other comprehensive income for the three and six-month periods then ended and the related interim statements of cash flows and changes in equity for the six-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". 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.

Other matter

The financial statements of the Company for the year ended 31 December 2024 and the interim condensed financial statements for the six-month period ended 30 June 2024 were audited and reviewed respectively by another auditor who expressed an unmodified audit opinion and review conclusion dated 20 February 2025 and 25 July 2024 respectively on those financial statements.



Partner's Registration No. 244
31 July 2025
Manama, Kingdom of Bahrain

National Hotels Company B.S.C.
INTERIM STATEMENT OF FINANCIAL POSITION
At 30 June 2025 (Reviewed)

		30 June 2025 (Reviewed) BD	31 December 2024 (Audited) BD
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		36,153,064	34,217,705
Investment property		27,068,159	29,466,999
Investment in an associate	5	6,589,635	6,378,813
Investment securities	6	4,161,909	4,316,618
		73,972,767	74,380,135
Current assets			
Inventories		82,714	68,669
Investment securities	6	1,342,739	1,934,773
Trade receivables and other assets		747,442	957,378
Bank balances and cash	7	7,862,597	7,224,797
		10,035,492	10,185,617
TOTAL ASSETS		84,008,259	84,565,752
LIABILITIES AND EQUITY			
Non-current liability			
Employees' end of service benefits		254,811	257,819
Current liabilities			
Trade and other payables		1,686,707	1,993,737
Total liabilities		1,941,518	2,251,556
Equity			
Share capital		12,127,500	12,127,500
Statutory reserve		6,063,750	6,063,750
General reserve		1,087,579	1,087,579
Property revaluation reserve		14,418,702	14,418,702
Investments fair value reserve		1,253,832	1,392,960
Share of reserves of an associate		118,742	93,946
Retained earnings		46,996,636	47,129,759
Total equity		82,066,741	82,314,196
TOTAL LIABILITIES AND EQUITY		84,008,259	84,565,752

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Faisal Ahmad Al Zayani
Chairman

Adel Nahabah Hamadeh
Vice Chairman and Managing Director

The attached notes 1 to 14 form part of these interim condensed financial statements.

National Hotels Company B.S.C.


INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months period ended 30 June 2025 (Reviewed)

	Note	Three-month period ended		Six-month period ended	
		30 June	30 June	30 June	30 June
		2025	2024	2025	2024
		BD	BD	BD	BD
Revenue from contracts with customers	8	2,220,426	2,176,815	4,329,069	4,228,650
Operating costs		(1,295,346)	(1,275,442)	(2,498,988)	(2,473,581)
GROSS PROFIT		925,080	901,373	1,830,081	1,755,069
Share of profit of an associate		538,710	568,823	886,026	905,646
Dividend income		-	24,000	149,957	156,116
Interest income		111,288	111,205	233,485	234,406
Change in fair value of investment at fair value through profit or loss		44,115	(39,133)	107,966	(20,442)
Other income		2,206	2,471	20,088	6,266
Depreciation		(602,504)	(523,368)	(1,201,067)	(1,047,247)
General and administration expenses		(198,345)	(212,686)	(340,774)	(341,658)
PROFIT FOR THE PERIOD		820,550	832,685	1,685,762	1,648,156
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	9	7	7	14	14
OTHER COMPREHENSIVE INCOME (LOSS)					
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>					
- Net changes in fair value of investments at fair value through other comprehensive income		(149,532)	(78,231)	(139,128)	(107,137)
- Share of other comprehensive income of an associate		12,075	(18,197)	24,796	(6,087)
Other comprehensive loss for the period		(137,457)	(96,428)	(114,332)	(113,224)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		683,093	736,257	1,571,430	1,534,932

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 Faisal Ahmad Al Zayani
 Chairman


 Adel Nahabah Hamadeh
 Vice Chairman and Managing Director

National Hotels Company B.S.C.

INTERIM STATEMENT OF CASH FLOWS

For the six months period ended 30 June 2025 (Reviewed)

		Six-month period ended	
		30 June 2025 BD	30 June 2024 BD
	Note		
OPERATING ACTIVITIES			
Profit for the period		1,685,762	1,648,156
Adjustments to reconcile profit to net cash flows:			
Depreciation		1,201,067	1,047,247
Share of profit of an associate		(886,026)	(905,646)
Dividend income		(149,957)	(156,116)
Interest income		(233,485)	(234,406)
Change in fair value of investment at fair value through profit or loss		(107,966)	20,442
Allowance for expected credit losses		13,583	10,616
Provision for employees' end of service benefits		34,076	22,503
Operating profit before working capital changes		1,557,054	1,452,796
Working capital changes:			
Inventories		(14,045)	(5,770)
Trade receivables and other assets		198,559	(235,100)
Trade and other payables		(7,969)	292,810
Cash generated from operations		1,733,599	1,504,736
Directors' remuneration paid		(262,125)	(210,000)
Charitable contribution paid		(31,790)	(14,600)
Employees' end of service benefits paid		(37,084)	(17,645)
Net cash flows from operating activities		1,402,600	1,262,491
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(724,474)	(848,134)
Purchase of investment properties		(18,258)	(290,713)
Purchase of investments at fair value through other comprehensive income		-	(398,823)
Maturity of debt investment at amortised cost		700,000	-
Interest received		246,860	217,162
Bank deposits with maturity of more than three months		(600,000)	150,000
Dividend received from an associate		700,000	1,400,000
Dividends received on investments		149,957	132,116
Net cash flows from investing activities		454,085	361,608
FINANCING ACTIVITY			
Dividend paid	10	(1,818,885)	(1,455,108)
Cash flows used in financing activity		(1,818,885)	(1,455,108)
NET INCREASE IN CASH AND CASH EQUIVALENTS		37,800	168,991
Cash and cash equivalents at 1 January		1,824,797	3,862,115
CASH AND CASH EQUIVALENTS AT 30 JUNE		1,862,597	4,031,106

The attached notes 1 to 14 form part of these interim condensed financial statements.

National Hotels Company B.S.C.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2025 (Reviewed)

		Reserves							
	Share capital BD	Statutory reserve BD	General reserve BD	Property revaluation reserve BD	Investments fair value reserve BD	Share of reserves of an associate BD	Total reserves BD	Retained earnings BD	Total equity BD
Balance at 1 January 2024	12,127,500	6,063,750	1,087,579	14,418,702	1,583,771	166,152	23,319,954	45,585,440	81,032,894
Profit for the period	-	-	-	-	-	-	-	1,648,156	1,648,156
Other comprehensive loss for the period	-	-	-	-	(107,137)	(6,087)	(113,224)	-	(113,224)
Total comprehensive (loss) income for the period	-	-	-	-	(107,137)	(6,087)	(113,224)	1,648,156	1,534,932
Adjustment to associate's reserve	-	-	-	-	-	(8,261)	(8,261)	-	(8,261)
Dividend (note 10)	-	-	-	-	-	-	-	(1,455,108)	(1,455,108)
Balance at 30 June 2024	12,127,500	6,063,750	1,087,579	14,418,702	1,476,634	151,804	23,198,469	45,778,488	81,104,457

		Reserves							
	Share capital BD	Statutory reserve BD	General reserve BD	Property revaluation reserve BD	Investments fair value reserve BD	Share of reserves of an associate BD	Total reserves BD	Retained earnings BD	Total equity BD
Balance at 1 January 2025	12,127,500	6,063,750	1,087,579	14,418,702	1,392,960	93,946	23,056,937	47,129,759	82,314,196
Profit for the period	-	-	-	-	-	-	-	1,685,762	1,685,762
Other comprehensive (loss) income for the period	-	-	-	-	(139,128)	24,796	(114,332)	-	(114,332)
Total comprehensive (loss) income for the period	-	-	-	-	(139,128)	24,796	(114,332)	1,685,762	1,571,430
Dividend (note 10)	-	-	-	-	-	-	-	(1,818,885)	(1,818,885)
Balance at 30 June 2025	12,127,500	6,063,750	1,087,579	14,418,702	1,253,832	118,742	22,942,605	46,996,636	82,066,741

The attached notes 1 to 14 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 a hotel in Kingdom of Bahrain named Diplomat Radisson Blu Hotel, Residence & Spa (the "Hotel" & "Residence"), which is managed by Radisson Hotel Group (the "Radisson") under a management agreement up to 31 December 2030. In 2012, the Company commenced the operations of its office towers, which are managed by the Company directly. The Company operates solely in the Kingdom of Bahrain.

The interim condensed financial statements were authorised for issue by the Board of Directors on 31 July 2025.

2 MATERIAL ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements for the six-month period ended 30 June 2025 have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting".

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2024. In addition, results for the six-month period ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

New and amended standards adopted by the Company

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 2024, except for the adoption of new and amended standards as of 1 January 2025. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following new and amended standard apply for the first time in 2025, but did not have an impact on the interim condensed financial statements of the Company:

- *Amendments to IAS 21 – Lack of exchangeability: In August 2023, the IASB issued these amendments to IAS 21 to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.*

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The significant accounting judgements and estimates used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2024.

4 SEASONALITY OF RESULTS

Dividend income of BD 149,957 for the six-month ended 30 June 2025 (2024: BD 156,116) is of a seasonal nature.

Accordingly, the interim condensed financial results may not represent a proportionate share of the annual results.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2025 (Reviewed)

5 INVESTMENT IN AN ASSOCIATE

The Company has a 33.33% (2024: 33.33%) interest in African & Eastern (Bahrain) W.L.L., a company which is incorporated in the Kingdom of Bahrain and is involved in the business of 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 in an associate were as follows:

	30 June 2025 (Reviewed) BD	31 December 2024 (Audited) BD
Balance at 1 January	6,378,813	6,525,967
Share of profit for the period / year	886,026	1,825,052
Share of other comprehensive income / (loss) for the period / year	24,796	(63,945)
Adjustment to the associate's reserve	-	(8,261)
Dividend received	(700,000)	(1,900,000)
	6,589,635	6,378,813

The share of results of the associate is recognised based on the approved management accounts for the six-month period ended 30 June 2025 and audited accounts for year ended 31 December 2024.

6 INVESTMENT SECURITIES

	30 June 2025 (Reviewed) BD	31 December 2024 (Audited) BD
Non-current		
Equity investments at fair value through other comprehensive income (FVOCI) (a)	2,303,027	2,442,155
Debt investment at amortised cost (c)	1,858,882	1,874,463
	4,161,909	4,316,618
Current		
Investment at fair value through profit or loss (FVTPL) (b)	1,342,739	1,234,773
Debt investment at amortised cost (c)	-	700,000
	1,342,739	1,934,773
Total investments	5,504,648	6,251,391

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2025 (Reviewed)

6 INVESTMENT SECURITIES (continued)

a) Equity investments at fair value through other comprehensive income

	30 June 2025 (Reviewed) BD	31 December 2024 (Audited) BD
Quoted equity investments	1,642,773	1,781,901
Unquoted equity investments	660,254	660,254
	<u>2,303,027</u>	<u>2,442,155</u>

The movement in the equity investments at FVOCI is as follow:

	30 June 2025 (Reviewed) BD	31 December 2024 (Audited) BD
At 1 January	2,442,155	2,234,143
Purchases during the period / year	-	398,823
Change in fair value during the period / year	(139,128)	(190,811)
	<u>2,303,027</u>	<u>2,442,155</u>

b) Investment at fair value through profit or loss

	30 June 2025 (Reviewed) BD	31 December 2024 (Audited) BD
Quoted equity portfolio	1,342,739	1,234,773

The quoted equity portfolio of BD 1,342,739 (31 December 2024: BD 1,234,773) is managed by external fund manager who is also a shareholder (refer note 11). The movement in the fair value of the investment at FVTPL is as follows:

	30 June 2025 (Reviewed) BD	31 December 2024 (Audited) BD
At 1 January	1,234,773	1,118,806
Change in fair value during the period / year	107,966	115,967
	<u>1,342,739</u>	<u>1,234,773</u>

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2025 (Reviewed)

6 INVESTMENT SECURITIES (continued)

c) Debt investment at amortised cost

	30 June 2025 (Reviewed) BD	31 December 2024 (Audited) BD
Quoted debt securities	1,858,882	2,574,463

The movement in the debt investment at amortised cost is as follow:

	30 June 2025 (Reviewed) BD	31 December 2024 (Audited) BD
At 1 January	2,574,463	2,605,624
Amortisation for the period / year	(15,581)	(31,161)
Matured during the period / year	(700,000)	-
	1,858,882	2,574,463

7 BANK BALANCES AND CASH

	30 June 2025 (Reviewed) BD	31 December 2024 (Audited) BD
Bank balances (i)	1,154,670	1,817,027
Bank deposits (ii)	6,700,000	5,400,000
Cash in hand	7,927	7,770
Bank balances and cash	7,862,597	7,224,797
Less: Bank deposits with maturity exceeding three months	(6,000,000)	(5,400,000)
Cash and cash equivalents	1,862,597	1,824,797

- i) Bank balances are held with financial institutions in the Kingdom of Bahrain. These balances are denominated in Bahraini Dinars.
- ii) Bank deposits are placed with commercial banks in the Kingdom of Bahrain. These deposits have varying original maturity ranging from three to six months. The deposits are denominated in Bahraini Dinars and earn interest at an average rate of 5.16% (31 December 2024: 5.6%).

The Company has an unused overdraft facility of BD 0.5 million as at 30 June 2025 (31 December 2024: BD 0.5 million) to finance working capital requirements granted by a financial institution in the Kingdom of Bahrain. The facility carries interest of 3.5% per annum above one month Bahrain Interbank Offered Rate charged monthly (31 December 2024: same).

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2025 (Reviewed)

8 REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	30 June	<i>30 June</i>	30 June	<i>30 June</i>
	2025	<i>2024</i>	2025	<i>2024</i>
	(Reviewed)	<i>(Reviewed)</i>	(Reviewed)	<i>(Reviewed)</i>
	BD	<i>BD</i>	BD	<i>BD</i>
Hotel rooms	673,395	731,170	1,253,440	1,380,804
Serviced apartments	334,254	155,307	921,701	737,969
Food and beverages	709,469	847,789	1,135,348	1,212,581
Others	75,050	51,303	135,166	119,334
Rental revenue	428,258	391,246	883,414	777,962
	2,220,426	2,176,815	4,329,069	4,228,650
Timing of revenue recognition				
Goods and services transferred at a point in time	784,519	899,092	1,270,514	1,331,915
Goods and services transferred over time	1,435,907	1,277,723	3,058,555	2,896,735
	2,220,426	2,176,815	4,329,069	4,228,650

The Company generates all its revenue in the Kingdom of Bahrain.

9 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributed to ordinary equity holders of the Company by the weighted average number of ordinary shares and is as follows:

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	30 June	<i>30 June</i>	30 June	<i>30 June</i>
	2025	<i>2024</i>	2025	<i>2024</i>
	(Reviewed)	<i>(Reviewed)</i>	(Reviewed)	<i>(Reviewed)</i>
Profit for the period (BD)	820,550	832,685	1,685,762	1,648,156
Weighted average number of shares	121,275,000	121,275,000	121,275,000	121,275,000
Basic and diluted earnings per share (fils)	7	7	14	14

Basic and diluted earnings per share are the same since the Company has not issued any instruments that would have a dilutive effect.

10 DIVIDEND

At the Annual General Meeting of the shareholders held on 27 March 2025, a cash dividend of 15 fils per share totaling BD 1,818,885 for the year ended 31 December 2024 was approved and paid during the period (30 June 2024: at the Annual General Meeting of the shareholders held on 28 March 2024, a cash dividend of 12 fils per share totaling BD 1,455,108 for the year ended 31 December 2023 was approved and paid).

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2025 (Reviewed)

11 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the associated company, major shareholders, companies having common directors, 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 at agreed terms and approved by the Company's Board of Directors.

Transactions with related parties included in the statement of profit or loss and other comprehensive income are as follows:

Six-month period ended 30 June 2025 (Reviewed)					
	Share of profit BD	Purchases BD	Management fees BD	Other expenses BD	Revenue BD
Shareholders	-	-	7,348	-	300,138
Associate	886,026	54,926	-	-	2,100
Management company	-	-	70,779	49,373	-
Directors	-	-	-	49,348	1,471
	886,026	54,926	78,127	98,721	303,709
Six-month period ended 30 June 2024 (Reviewed)					
	Share of profit BD	Purchases BD	Management fees BD	Other expenses BD	Revenue BD
Shareholders	-	-	6,321	-	300,138
Associate	905,646	44,937	-	-	2,100
Management company	-	-	83,305	31,841	-
Directors	-	-	-	45,983	3,209
	905,646	44,937	89,626	77,824	305,447

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

	30 June 2025 (Reviewed) BD	31 December 2024 (Audited) BD
Assets		
<i>Trade receivable and other assets</i>		
Shareholders	6,563	2,742
Associate	212	3,087
Directors	667	1,177
<i>Equity Investments at fair value through profit or loss</i>		
Investment managed by Shareholder	1,342,739	1,234,773

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2025 (Reviewed)

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	30 June 2025 (Reviewed) BD	31 December 2024 (Audited) BD
Liabilities		
<i>Trade and other payables</i>		
Associate	16,398	15,949
Management company	76,005	116,377
Directors	119,932	262,125
	212,335	394,451

Terms and conditions

Outstanding balances 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.

Compensation of key management personnel

The remuneration of directors and other members of key management during the six-month period ended was as follows:

	Six-month period ended 30 June 2025 (Reviewed) BD	30 June 2024 (Reviewed) BD
Short-term employee benefits	180,890	159,157
Directors' remuneration	119,932	111,731
End of service benefits	4,296	9,752
	305,118	280,640

Investment in associate is disclosed in note 5 to these interim condensed financial statements.

12 COMMITMENTS AND CONTINGENCIES

a) Commitments

The Company has capital expenditure commitments of BD 149,663 as of 30 June 2025 (31 December 2024: BD 555,330).

b) Contingencies

The Company has an outstanding guarantee of BD 4,050 as at 30 June 2025 (31 December 2024: BD 4,050).

13 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Fair value of financial instruments

The fair value of financial instruments are estimated based on the following methods and assumptions:

13 FAIR VALUE MEASUREMENT (continued)

Fair value of financial instruments (continued)

- a) Bank balances and cash, trade receivables and other assets and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments;
- b) The fair values of the quoted investments are determined by reference to published price quotations in an active market and the fair values of unquoted equity investments have been estimated using other appropriate valuation techniques, or using recent market transaction, or fair value of another similar instrument as applicable; and
- c) The fair value of the debt security at amortised cost with carrying value of BD 1,858,882 (31 December 2024: BD 2,574,463) is BD 1,823,850 (31 December 2024: BD 2,522,182).

Fair value of non-financial assets and liabilities

The Company measures its free hold land at fair value and accordingly, the fair value has been categorised as level 3 in the fair value hierarchy disclosed below.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the interim condensed financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2025 (Reviewed)

13 FAIR VALUE MEASUREMENT (continued)

The following table provides fair value hierarchy of the Company's assets and liabilities measured at fair value:

		30 June 2025 (Reviewed)			
	Date of valuation	Quoted prices in active markets Level 1 BD	Significant observable inputs Level 2 BD	Significant unobservable inputs Level 3 BD	Total BD
Assets measured at fair value					
Investments at fair value through other comprehensive income (note 6)	30 Jun 2025	1,642,773	-	660,254	2,303,027
Investments at fair value through profit or loss (note 6)	30 Jun 2025	1,342,739	-	-	1,342,739
Free hold land*	31 Dec 2024	-	-	18,877,948	18,877,948
		2,985,512	-	19,538,202	22,523,714

* Management believes, based on an internal assessment that there is no change in the fair value of freehold land since the date of last valuation.

		31 December 2024 (Audited)			Total BD
Date of valuation	Quoted prices	Significant	Significant		
	in active	observable	unobservable		
	markets	inputs	inputs		
	Level 1	Level 2	Level 3		
	BD	BD	BD		
Assets measured at fair value					
Investments at fair value through other comprehensive income (note 6)	31 Dec 2024	1,781,901	-	660,254	2,442,155
Investments at fair value through profit or loss (note 6)	31 Dec 2024	1,234,773	-	-	1,234,773
Free hold land	31 Dec 2024	-	-	18,877,948	18,877,948
		3,016,674	-	19,538,202	22,554,876

Liabilities measured at fair value:

There were no liabilities measured at fair value as of 30 June 2025 and as of 31 December 2024.

During the six-month period ended 30 June 2025 and year ended 31 December 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and there are no transfers into or out of Level 3 fair value measurements.

Reconciliation of fair value measurement of Level 3 financial assets

Level 3 equity investments have been estimated using fair value provided by the investment managers or other appropriate valuation techniques including fair values determined based on unobservable inputs using market multiples or other appropriate valuation methodologies.

13 FAIR VALUE MEASUREMENT (continued)

There were no movement in the fair values of financial assets classified as level 3 category during the six-month period ended 30 June 2025 and year ended 31 December 2024.

14 SEGMENT REPORTING

For management purposes, the Company is organized into business units based on their products and services and has three reportable operating segments, as follows:

Hotel operations	Room rental, food beverage sales, conferences and events.
Real estate operations	Management of rented offices and commercial property.
Investments and corporate	Investment activities of the Company and head office expenses.

Segment assets include all operating assets used by a segment and consist primarily of property, plant and equipment, investment property, inventories, investments and trade receivables and other assets. 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. Whilst the majority of the liabilities can be directly attributed to individual business segments, the carrying amount of certain liabilities used jointly by two or more segments are allocated to the segments on a reasonable basis.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2025 (Reviewed)

14 SEGMENT REPORTING (continued)

The following table presents the details of segmental operating results for the three-month period ended 30 June 2025 and 30 June 2024:

Three-month period ended 30 June (Reviewed)

	<i>Hotel operations</i>		<i>Real estate operations</i>		<i>Investments and corporate</i>		<i>Total</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Hotel services revenue	1,792,168	1,785,569	-	-	-	-	1,792,168	1,785,569
Rental revenue	-	-	428,258	391,246	-	-	428,258	391,246
Gross operating costs	(1,204,831)	(1,197,608)	(90,515)	(77,834)	-	-	(1,295,346)	(1,275,442)
Gross profit	587,337	587,961	337,743	313,412	-	-	925,080	901,373
Investment income*	-	-	-	-	694,113	664,895	694,113	664,895
Other income	-	-	-	-	2,206	2,471	2,206	2,471
Depreciation	(406,985)	(318,112)	(195,519)	(205,256)	-	-	(602,504)	(523,368)
General and administration expenses	-	-	-	-	(198,345)	(212,686)	(198,345)	(212,686)
Profit for the period	180,352	269,849	142,224	108,156	497,974	454,680	820,550	832,685

*Including share of profit of associate, dividend income, interest income and change in fair value of investments at fair value through profit or loss.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2025 (Reviewed)

14 SEGMENT REPORTING (continued)

The following table presents the details of segmental operating results for the six-month period ended 30 June 2025 and 30 June 2024:

Six-month period ended 30 June (Reviewed)

	<i>Hotel operations</i>		<i>Real estate operations</i>		<i>Investments and corporate</i>		<i>Total</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Hotel services revenue	3,445,655	3,450,688	-	-	-	-	3,445,655	3,450,688
Rental revenue	-	-	883,414	777,962	-	-	883,414	777,962
Gross operating costs	(2,317,119)	(2,318,510)	(181,869)	(155,071)	-	-	(2,498,988)	(2,473,581)
Gross profit	1,128,536	1,132,178	701,545	622,891	-	-	1,830,081	1,755,069
Investment income*	-	-	-	-	1,377,434	1,275,726	1,377,434	1,275,726
Other income	-	-	-	-	20,088	6,266	20,088	6,266
Depreciation	(793,949)	(636,649)	(407,118)	(410,598)	-	-	(1,201,067)	(1,047,247)
General and administration expenses	-	-	-	-	(340,774)	(341,658)	(340,774)	(341,658)
Profit for the period	334,587	495,529	294,427	212,293	1,056,748	940,334	1,685,762	1,648,156

*Including share of profit of associate, dividend income, interest income and change in fair value of investments at fair value through profit or loss.

The following table presents the details of segmental assets and liabilities as at 30 June 2025 (Reviewed) and as at 31 December 2024 (Audited):

	<i>Hotel operations</i>		<i>Real estate operations</i>		<i>Investments and corporate</i>		<i>Total</i>	
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>31 December</i>
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</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>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Total assets	36,753,185	34,998,060	27,142,309	29,540,961	20,112,765	20,026,731	84,008,259	84,565,752
Total liabilities	1,552,682	1,578,846	64,030	60,259	324,806	612,451	1,941,518	2,251,556
Capital expenditure	724,474	1,946,693	18,258	383,009	-	-	742,732	2,329,702