

National Hotels Company B.S.C.

INTERIM STATEMENT OF INCOME

Six month period ended 30 June 2008 (Unaudited)

	<i>Three month period ended</i>		<i>Six month period ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2008	<i>2007</i>	2008	<i>2007</i>
	BD	<i>BD</i>	BD	<i>BD</i>
Gross operating revenue	3,763,379	3,027,815	7,236,494	5,680,931
Gross operating costs	(1,645,305)	(1,428,623)	(3,243,991)	(2,688,959)
GROSS OPERATING PROFIT	2,118,074	1,599,192	3,992,503	2,991,972
Share of profit from an associate	299,150	213,773	526,597	408,541
Dividend income	17,951	22,494	117,445	119,341
Profit on sale of available-for-sale investments	-	-	-	7,040
Net change in the value of managed portfolios	91,751	215,480	(11,518)	214,131
Miscellaneous income	60,692	65,000	124,933	119,436
Interest on term deposits	9,511	293	22,940	17,774
Depreciation	(371,601)	(405,704)	(738,257)	(803,923)
General and administration expenses	(76,731)	(67,563)	(196,256)	(159,396)
Finance charges	-	(11,080)	-	(32,811)
PROFIT FOR THE PERIOD	2,148,797	1,631,885	3,838,387	2,882,105
BASIC AND DILUTED EARNINGS PER SHARE (fils)	21.70	16.48	38.76	29.10

National Hotels Company B.S.C.

INTERIM BALANCE SHEET

30 June 2008 (Unaudited)

<i>Notes</i>	30 June 2008 Unaudited BD	31 December 2007 Audited BD
ASSETS		
Non-current assets		
Property, plant and equipment	50,429,708	49,379,826
Investment in an associate	2,386,524	2,159,927
Available-for-sale investments	3,425,811	3,039,495
	56,242,043	54,579,248
Current assets		
Inventories	271,130	217,309
Managed portfolios	1,678,889	1,690,407
Accounts receivable and prepayments	960,929	918,173
Bank balances and cash	2,843,154	1,848,345
	5,754,102	4,674,234
TOTAL ASSETS	61,996,145	59,253,482
EQUITY AND LIABILITIES		
Equity		
Share capital	10,000,000	10,000,000
Treasury shares	(94,726)	(94,726)
Statutory reserve	2,678,282	2,678,282
General reserve	3,215,079	3,215,079
Revaluation reserve	27,602,997	27,602,997
Cumulative changes in fair value	2,398,615	2,032,099
Retained earnings	11,997,208	8,158,821
Proposed appropriations	-	1,782,949
Total equity	57,797,455	55,375,501
Non-current liability		
Employees' end of service benefits	201,315	198,950
Current liabilities		
Accounts payable and accruals	3,997,375	3,679,031
	3,997,375	3,679,031
Total liabilities	4,198,690	3,877,981
TOTAL EQUITY AND LIABILITIES	61,996,145	59,253,482

Faisal Ahmed Al Zayani
Chairman

Yousef Dakhil Al Dakhil
Vice Chairman and Managing Director

National Hotels Company B.S.C.

INTERIM STATEMENT OF CASH FLOWS

Six month period ended 30 June 2008 (Unaudited)

	<i>Six month period ended</i>	
	<i>30 June</i>	
	2008	2007
	BD	BD
OPERATING ACTIVITIES		
Profit for the period	3,838,387	2,882,105
Adjustments for:		
Depreciation	738,257	803,923
Share of profit from an associate	(526,597)	(408,541)
Provision for employees' end of service benefits	38,464	16,379
Profit on sale of available-for-sale investments	-	(7,040)
Provision for slow moving and obsolete inventories	31,323	-
Net change in the value of managed portfolios	11,518	(214,131)
Dividend income	(117,445)	(119,341)
Interest on term deposits	(22,940)	(17,774)
Finance charges	-	32,811
Operating profit before working capital changes	3,990,967	2,968,391
Working capital changes:		
Inventories	(85,144)	23,193
Receivables (refer note below)	(62,556)	(137,995)
Payables	442,344	(509,114)
Cash from operations	4,285,611	2,344,475
Directors' remuneration paid	(124,000)	(86,500)
Employees' end of service benefits paid	(36,099)	(10,513)
Finance charges paid	-	(32,811)
Charity contributions paid	-	(22,700)
Net cash from operating activities	4,125,512	2,191,951
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,788,139)	(1,030,588)
Dividends received from an associate	300,000	220,000
Other dividends received	117,445	119,341
Interest received	22,940	17,774
Investment in managed portfolios	-	(8,205)
Proceeds from sale of available-for-sale investments	-	8,650
Net cash used in investing activities	(1,347,754)	(673,028)
FINANCING ACTIVITY		
Dividends paid	(1,782,949)	(1,188,633)
Cash used in financing activity	(1,782,949)	(1,188,633)

INCREASE IN CASH AND CASH EQUIVALENTS	994,809	330,290
Cash and cash equivalents at 1 January	<u>1,848,345</u>	<u>(390,273)</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>2,843,154</u>	<u>(59,983)</u>

Note:

Non-cash transaction not included in the above statement of cash flows includes investment of BD 19,800 in rights shares for which an advance was made in 2007.

STATEMENT OF CHANGES IN EQUITY

Six month period ended 30 June 2008 (Unaudited)

	Share capital BD	Treasury shares BD	Statutory reserve BD	General reserve BD	Revaluation reserve BD	Cumulative changes in fair value BD	Retained appropriations earnings BD	Proposed Restated BD	Total BD
Balance at 1 January 2007	10,000,000	(94,726)	2,095,513	3,215,079	13,124,600	1,954,472	4,696,846	1,188,633	36,180,417
Transferred to income statement on sale of available-for-sale investments during the period	-	-	-	-	-	(7,040)	-	-	(7,040)
Net movement in fair value of available-for-sale investments during the period	-	-	-	-	-	(224,917)	-	-	(224,917)
Total income and expenses recognised directly in equity	-	-	-	-	-	(217,887)	-	-	(217,887)
Net profit for the period 1 January to 30 June 2007	-	-	-	-	-	-	2,882,105	-	2,882,105
Total income and expenses for the period 1 January to 30 June 2007	-	-	-	-	-	(217,877)	-	2,882,105	3,099,982
Dividends payable- 2006 (note 6)	-	-	-	-	-	-	-	(1,188,633)	(1,188,633)
Balance at 30 June 2007 (Unaudited)	10,000,000	(94,726)	2,095,513	3,215,079	13,124,600	2,172,349	7,578,951	-	38,091,766
Balance at 1 January 2008	10,000,000	(94,726)	2,678,282	3,215,079	27,602,997	2,032,099	8,158,821	1,782,949	55,375,501
Net movement in fair value of available-for-sale investments during the period	-	-	-	-	-	366,516	-	-	366,516

Net profit for the period									
1 January to 30 June 2007	-	-	-	-	-	-	3,838,387	-	3,838,387
Total income and expenses for the period 1 January to 30 June 2008	-	-	-	-	-	-	-	-	-
Dividend payable - 2007 (note 6)	-	-	-	-	-	4,204,903	3,838,387	-	4,204,903
	-	-	-	-	-	-	-	1,782,949	1,782,949
Balance at 30 June 2008 (Unaudited)	10,000,000	(94,726)	2,678,282	3,215,079	27,602,997	2,398,615	11,997,208	-	57,797,455