

National Hotels Company B.S.C.

CONDENSED INTERIM FINANCIAL INFORMATION

31 March 2022

CONDENSED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2022

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NATIONAL HOTELS COMPANY B.S.C.

CONDENSED STATEMENT OF FINANCIAL POSITION
as at 31 March 2022

Bahraini Dinars

	Note	31 March 2022 (reviewed)	31 December 2021 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		28,338,894	28,765,261
Investment property		32,355,003	32,541,252
Investment in an associate	3	5,865,023	6,822,279
Investment securities	4	5,323,759	4,609,470
Total non-current assets		71,882,679	72,738,262
Current assets			
Inventories		79,452	91,987
Investment securities	4	23,027	74,666
Trade receivables and other assets		639,387	434,372
Bank deposits	5	3,800,000	3,300,000
Cash and cash equivalents	5	3,395,776	2,340,595
Total current assets		7,937,642	6,241,620
Total assets		79,820,321	78,979,882
LIABILITIES AND EQUITY			
Non-current liabilities			
Employees' end of service benefits		216,135	221,461
Total non-current liabilities		216,135	221,461
Current liabilities			
Trade and other payables		2,541,106	1,177,094
Total current liabilities		2,541,106	1,177,094
Total liabilities		2,757,241	1,398,555
EQUITY			
Share capital		12,127,500	12,127,500
Treasury shares		(94,726)	(94,726)
Reserves		22,107,639	22,052,408
Retained earnings		42,922,667	43,496,145
Total equity		77,063,080	77,581,327
Total liabilities and equity		79,820,321	78,979,882


Faisal Ahmed Al Zayani
Chairman

Adel Nahabah Hamadeh
Vice Chairman and Managing
Director

The accompanying notes 1 to 13 form an integral part of this condensed interim financial information.

NATIONAL HOTELS COMPANY B.S.C.

CONDENSED STATEMENT OF PROFIT OR LOSS
for the three months ended 31 March 2022

Bahraini Dinars

	Note	31 March 2022 (reviewed)	31 March 2021 (reviewed)
Revenue from contracts with customers	6	1,548,358	1,013,100
Operating costs		(896,910)	(695,533)
GROSS PROFIT		651,448	317,567
Share of profit of an associate	3	509,592	159,176
Dividend income	7	113,704	98,309
Interest income		55,254	54,896
Change in fair value of investments at fair value through profit or loss	4	338	(838)
Other income		2,200	158,895
Depreciation		(635,409)	(635,619)
General and administration expenses		(69,843)	(52,691)
Profit for the period		627,284	99,695
Basic and diluted earnings per share (in fils)	8	5	1


Faisal Ahmed Al Zayani
Chairman

Adel Nahabah Hamadeh
Vice Chairman and Managing
Director

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NATIONAL HOTELS COMPANY B.S.C.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 31 March 2022

Bahraini Dinars

	Note	31 March 2022 (reviewed)	31 March 2021 (reviewed)
Profit for the period		627,284	99,695
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods:			
- Net movement in fair value of Investments at fair value through other comprehensive income during the period	4	22,079	(17,456)
- Share in associates' other comprehensive income	3	33,152	6,251
Other comprehensive income for the period		55,231	(11,205)
Total comprehensive income for the period		682,515	88,490

The accompanying notes 1 to 13 form an integral part of these condensed interim financial information.

NATIONAL HOTELS COMPANY B.S.C.

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2022

Bahraini Dinars

2022 (reviewed)	Share capital	Treasury shares	Statutory reserve	General reserve	Property revaluation reserve	Investments fair value reserve	Share of reserves of associate	Retained earnings	Total
At 1 January 2022	12,127,500	(94,726)	5,724,191	1,087,579	13,043,666	2,008,947	188,025	43,496,145	77,581,327
- Profit for the period	-	-	-	-	-	-	-	627,284	627,284
- Other comprehensive income for the period	-	-	-	-	-	22,079	33,152	-	55,231
Total comprehensive income for the period	-	-	-	-	-	22,079	33,152	627,284	682,515
Dividends declared for 2021	-	-	-	-	-	-	-	(1,200,762)	(1,200,762)
Balance at 31 March 2022	12,127,500	(94,726)	5,724,191	1,087,579	13,043,666	2,031,026	221,177	42,922,667	77,063,080

2021 (reviewed)	Share capital	Treasury reserve	Statutory reserve	General reserve	Property revaluation reserve	Investments fair value reserve	Share of reserves of associate	Retained earnings	Total
At 1 January 2021	12,127,500	(94,726)	5,670,492	1,087,579	13,043,666	2,026,403	130,059	43,973,464	77,964,437
- Profit for the period	-	-	-	-	-	-	-	99,695	99,695
- Other comprehensive income for the period	-	-	-	-	-	(17,456)	6,251	-	(11,205)
Total comprehensive income for the period	-	-	-	-	-	(17,456)	6,251	99,695	88,490
Dividends declared for 2020	-	-	-	-	-	-	-	(960,610)	(960,610)
Balance at 31 March 2021	12,127,500	(94,726)	5,670,492	1,087,579	13,043,666	2,008,947	136,310	43,112,549	77,092,317

The accompanying notes 1 to 13 form an integral part of these condensed interim financial information.

NATIONAL HOTELS COMPANY B.S.C.

CONDENSED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2022

Bahraini Dinars

	Note	31 March 2022 (reviewed)	31 March 2021 (reviewed)
OPERATING ACTIVITIES			
Profit for the period		627,284	99,695
Adjustments for:			
Depreciation		635,410	635,619
Share of profit of an associate	3	(509,592)	(159,176)
Change in fair value on investments at FVTPL	4	(338)	838
Dividend income	6	(113,704)	(98,309)
Interest income		(55,254)	(54,896)
Impairment on financial assets		520	13,000
Provision for employees' benefits		14,094	9,890
<i>Operating profit before working capital changes</i>		598,420	446,661
Change in inventories		12,535	(515)
Change in trade receivables and other assets		(81,091)	(56,216)
Change in trade and other payables		216,350	787,587
<i>Cash flows from operations</i>		746,214	1,177,517
Employees' end of service benefits paid		(19,420)	(10,520)
Directors' remuneration paid	9	(53,100)	(40,000)
Net cash from operating activities		673,694	1,126,997
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(16,262)	(140,429)
Purchase of investment property		(6,532)	(16,191)
Purchase of investments at amortised cost		(692,210)	-
Bank deposits		(500,000)	(500,000)
Disposal of investments at FVTPL		51,977	-
Dividends received from an associate	3	1,500,000	1,000,000
Dividend received		21,000	-
Interest received		23,514	95,351
Net cash from investing activities		381,487	438,731
Net increase in cash and cash equivalents		1,055,181	1,565,728
Cash and cash equivalents at 1 January		2,340,595	1,432,538
Cash and cash equivalents at 31 March		3,395,776	2,998,266

The accompanying notes 1 to 13 form an integral part of these condensed interim financial information.

NATIONAL HOTELS COMPANY B.S.C.**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2022**

Bahraini Dinars

1. REPORTING ENTITY

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 (the "Hotel"), which is managed by Rezidor Hotel Company ("Rezidor") 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 solely in the Kingdom of Bahrain. The condensed interim financial information were approved by the Director on 12 May 2022.

Associate:

The Company has a 33.33% interest in African & Eastern (Bahrain) W.L.L. (2021: 33.33%).

2. ACCOUNTING POLICIES**Basis of preparation**

The condensed interim financial information for the three months ended 31 March 2022 has been prepared in accordance with International Accounting Standard 34 - "*Interim Financial Reporting*". The condensed interim financial information does 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 2021. In addition, results for the three months ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022. In preparing these condensed interim financial information, management make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were similar to those applied to the financial statements as at and for the year ended 31 December 2021.

The condensed interim financial information are reviewed, not audited. The comparatives for the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2021 and comparatives for the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows have been extracted from the reviewed condensed interim financial information of the Company for the three-month period ended 31 March 2021.

Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended 31 December 2021.

New and amended standards and interpretations

A number of new standards, amendments and interpretations were issued under International Financial Reporting Standards, which are effective as of 1 January 2022. However, these do not have a material impact on the financial statements of the Company.

Significant accounting policies

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021.

NATIONAL HOTELS COMPANY B.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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3. INVESTMENT IN AN ASSOCIATE

The Company has a 33.33% (2021: 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 condensed interim financial information. Movements in the carrying value of the investment were as follows:

	31 March 2022 (reviewed)	31 December 2021 (audited)
At 1 January	6,822,279	6,804,606
Share of profit for the period / year	509,592	1,359,707
Share in associate's other comprehensive income	32,985	55,966
Adjustment to the associate's reserve	167	2,000
Dividends received during the period / year	(1,500,000)	(1,400,000)
	5,865,023	6,822,279

- (i) Based on the reviewed condensed interim financial information of African & Eastern (Bahrain) W.L.L., profit of BD 1,528,777 (three months ended 31 March 2021: BD 477,528) was recognised by the associate for the three months ended 31 March 2022. The Company has recognised its share of profit of BD 509,592 (three months ended 31 March 2021: BD 159,176) in these condensed interim financial information.

4. INVESTMENT SECURITIES

	31 March 2022 (reviewed)	31 December 2021 (audited)
Equity investments at FVOCI	2,663,603	2,641,524
Debt investment at amortised cost	2,660,156	1,967,946
	5,323,759	4,609,470
Equity investments at FVTPL	23,027	74,666
	5,346,786	4,684,136

a) Equity investments at FVOCI

	31 March 2022 (reviewed)	31 December 2021 (audited)
Quoted equity investments	2,300,906	2,285,567
Unquoted equity investments	362,697	355,957
	2,663,603	2,641,524

NATIONAL HOTELS COMPANY B.S.C.

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4. INVESTMENT SECURITIES (continued)

The movement in the equity investments of FVOCI is as follows:

	31 March 2022 (reviewed)	31 December 2021 (audited)
At 1 January	2,641,524	2,658,980
Change in fair value during the period / year	22,079	(17,456)
	2,663,603	2,641,524

b) Equity investments at FVTPL

	31 March 2022 (reviewed)	31 December 2021 (audited)
Quoted equity investment	23,027	74,666
	23,027	74,666

The movement in the fair value of the investments at FVTPL is as follow:

	31 March 2022 (reviewed)	31 December 2021 (audited)
Balance at 1 January	74,666	2,064,063
Disposal during the period / year	(51,977)	(2,000,000)
Change in fair value during the period / year	338	10,603
	23,027	74,666

c) Debt investment at amortised cost

	31 March 2022 (reviewed)	31 December 2021 (audited)
Quoted debt securities	2,660,156	1,967,946
	2,660,156	1,967,946

Quoted debt securities consist of the following bonds:

Issuer	Face Value	Maturity	Coupon rate
National Oil & Gas Authority	USD 2,300,000	25 October 2027	7.5% semi-annual basis
Ministry of Finance and National Economy	USD 2,400,000	12 October 2028	7% semi-annual basis
Government Development Bonds	BHD 700,000	17 March 2025	4.2% semi-annual basis

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5. CASH AND CASH EQUIVALENTS

	31 March 2022 (reviewed)	31 December 2021 (audited)
Cash on hand	7,448	6,613
Bank balances	3,388,328	2,333,982
	3,395,776	2,340,595

Bank deposits of BD 3,800,000 (2021: BD 3,300,000) have an original maturity date of more than three months. The average interest rate on carried by these deposits for the period was 2.61% (2021: 2.55%).

The Company has an unused overdraft facility of BD 0.5 million to finance working capital requirements granted by financial institutions in the Kingdom of Bahrain. The facility bear interest of 4.5% per annum above one month Bahrain Interbank Offered Rate charged monthly.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

	31 March 2022 (reviewed)	31 December 2021 (audited)
Hotel Services Revenue	1,259,249	727,657
Commercial Offices Rental Revenue	289,109	285,443
	1,548,358	1,013,100

7. SEASONALITY OF RESULTS

Dividend income of BD 113,704 for the three months ended 31 March 2022 (for the three months ended 31 March 2021: BD 98,309) maybe of a seasonal nature due to usual timing of payments.

8. EARNINGS PER SHARE

	31 March 2022 (reviewed)	31 March 2021 (reviewed)
Profit for the period	627,284	99,695
Weighted average number of equity shares	120,092,219	120,092,219
Basic earnings per share in fils	5	1

Diluted earnings per share is same as basic earnings per share as the Company does not have any potential dilutive instruments in issue.

NATIONAL HOTELS COMPANY B.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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Bahraini Dinars

9. SEGMENT INFORMATION

The Company's operating businesses are organised into the following segments:

Hotel business	Room rental, food and beverage sales, conferences and events.
Office towers	Office rental from commercial towers.
Investments and corporate	Income from investments including the associate, equity investments and bank deposits, and head office expenses.

Segment assets include all operating assets used by a segment and consist primarily of property, plant and equipment, inventories, investments and accounts receivable. Whilst the majority of the assets can be directly attributed to individual business segments, the carrying amounts of certain assets used jointly by two segments is allocated to segments on a reasonable basis. Segment liabilities include all operating liabilities and consist primarily of accounts payable and accrued liabilities.

Three months ended 31 March

	Hotel business		Office towers		Investments and corporate		Total	
	2022 (reviewed)	2021 (reviewed)	2022 (reviewed)	2021 (reviewed)	2022 (reviewed)	2021 (reviewed)	2022 (reviewed)	2021 (reviewed)
Hotel Services Revenue	1,259,249	727,657	-	-	-	-	1,259,249	727,657
Commercial Offices Rental Revenue	-	-	289,109	285,443	-	-	289,109	285,443
Gross operating costs	(831,954)	(632,095)	(64,956)	(63,438)	-	-	(896,910)	(695,533)
Gross operating profit	427,295	95,562	224,153	222,005	-	-	651,448	317,567
Investment income - net*	-	-	-	-	678,888	311,543	678,888	311,543
Other income	-	36,181	-	-	2,200	122,714	2,200	158,895
Depreciation	(442,628)	(446,113)	(192,781)	(189,506)	-	-	(635,409)	(635,619)
General and administration expenses	-	-	-	-	(69,843)	(52,691)	(69,843)	(52,691)
Profit / (loss) for the period	(15,333)	(314,370)	31,372	32,499	611,245	381,566	627,284	99,695

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

	Hotel business		Office towers		Investments and corporate		Total	
	31 March 2022 (reviewed)	31 December 2021 (audited)	31 March 2022 (reviewed)	31 December 2021 (audited)	31 March 2022 (reviewed)	31 December 2021 (audited)	31 March 2022 (reviewed)	31 December 2021 (audited)
Total assets	28,750,635	28,765,261	32,473,138	32,541,252	18,596,548	17,673,369	79,820,321	78,979,882
Total liabilities	2,501,572	1,304,451	23,721	35,755	231,948	58,349	2,757,241	1,398,555

NATIONAL HOTELS COMPANY B.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2022

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10. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

31 March 2022 (reviewed)	Share of profit	Purchases	Management fees	Other expenses	Revenues
Shareholder	-	-	-	-	153,186
Associate	509,592	20,930	-	-	1,194
Management company (Rezidor)	-	-	28,057	3,245	-
Directors	-	-	-	19,730	1,275
	509,592	20,930	28,057	22,975	155,655

31 March 2021 (reviewed)	Share of profit	Purchases	Management fees	Other expenses	Revenues
Shareholder	-	-	-	-	153,186
Associate	159,176	6,597	-	-	-
Management company (Rezidor)	-	-	17,744	7,909	-
Directors	-	-	-	10,878	448
	159,176	6,597	17,744	18,787	153,634

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

	Trade receivables and other assets		Trade and other payables	
	31 March 2022 (reviewed)	31 December 2021 (audited)	31 March 2022 (reviewed)	31 December 2021 (audited)
Associate	-	818	13,048	6,983
Management Company (Rezidor)	563	284	56,605	76,635
Directors	-	1,041	-	53,100
	563	2,143	69,653	136,718

Terms and conditions of transactions with related parties

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.

No directors' remuneration was charged to condensed statement of profit or loss during the period ended 31 March 2022 (31 March 2021: BD Nil). Further, the directors' remuneration related to year ended 31 December 2021 paid during the period amounted to BD 53,100 (31 March 2021: BD 40,000 related to year ended 31 December 2020).

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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10. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**Compensation of key management personnel**

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

	31 March 2022 (reviewed)	31 March 2021 (reviewed)
Short-term benefits	23,100	19,950
Post-employment benefits	963	735
	24,063	20,685

11. APPROPRIATIONS

At the shareholders' annual general meeting held on 31 March 2022, the shareholders of the Company resolved to distribute cash dividends of 10 fils per share totaling BD 1,200,762 (2021: BD 960,610).

12. FAIR VALUE MEASUREMENT

As at reporting date, the Company held the following classes of assets measured at fair value:

31 March 2022 (reviewed)	Level 1	Level 2	Level 3	Total
Investments at FVOCI	2,300,906	-	362,697	2,663,603
Investments at FVTPL	23,027	-	-	23,027

31 December 2021 (audited)	Level 1	Level 2	Level 3	Total
Investments at FVOCI	2,285,567	-	355,957	2,641,524
Investments at FVTPL	74,666	-	-	74,666

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

- 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.
- 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 the debt security at amortised cost with carrying value of BD 2,660,156 (2021: BD 1,967,946) is BD 2,590,677 (2021: BD 1,920,952). The fair value is classified as Level 1.

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.

13. COMPARATIVES

Certain comparative information has been reclassified to conform to the current period presentation. Such reclassifications do not affect previously reported profit or equity.