

National Hotels Company B.S.C.

**INTERIM CONDENSED
FINANCIAL STATEMENTS**

31 MARCH 2026 (REVIEWED)

National Hotels Company B.S.C.

Interim Condensed Financial Statements

For the three months period ended 31 March 2026 (Reviewed)

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REPORT ON THE REVIEW OF THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NATIONAL HOTELS COMPANY B.S.C.

Introduction

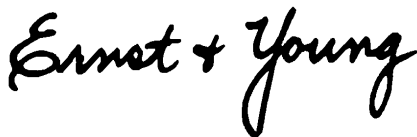
We have reviewed the accompanying interim condensed financial statements of National Hotels Company B.S.C. ("the Company") as at 31 March 2026, comprising of the interim statement of financial position as at 31 March 2026 and the related interim statements of profit or loss and other comprehensive income, cash flows and changes in equity 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 (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.



Partner's Registration No. 244
30 April 2026
Manama, Kingdom of Bahrain

National Hotels Company B.S.C.
INTERIM STATEMENT OF FINANCIAL POSITION
At 31 March 2026 (Reviewed)

	Note	31 March 2026 (Reviewed) BD	31 December 2025 (Audited) BD
ASSETS			
Non-current assets			
Property, plant and equipment		36,219,358	36,242,610
Investment property		26,598,007	26,718,337
Investment in an associate	5	5,725,693	6,538,326
Investment securities	6	4,686,247	4,553,138
		73,229,305	74,052,411
Current assets			
Inventories		81,064	81,468
Investment securities	6	1,361,396	1,381,254
Trade receivables and other assets		1,200,824	997,164
Bank balances and cash	7	10,203,776	9,480,742
		12,847,060	11,940,628
TOTAL ASSETS		86,076,365	85,993,039
LIABILITIES AND EQUITY			
Non-current liability			
Employees' end of service benefits		251,380	241,288
Current liabilities			
Trade and other payables		3,103,772	1,912,099
Total liabilities		3,355,152	2,153,387
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		1,801,540	1,660,641
Share of reserves of an associate		111,972	96,627
Retained earnings		47,110,170	48,384,853
Total equity		82,721,213	83,839,652
TOTAL LIABILITIES AND EQUITY		86,076,365	85,993,039



Faisal Ahmad Al Zayani
Chairman



Adel Nahabah 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 AND OTHER COMPREHENSIVE INCOME

For the three-month period ended 31 March 2026 (Reviewed)

	Note	Three-month period ended	
		31 March 2026 BD	31 March 2025 BD
Hotel services revenue	8	1,329,873	1,653,487
Rental revenue		410,711	455,156
Operating costs		(1,126,604)	(1,203,642)
GROSS PROFIT		613,980	905,001
Share of profit of an associate	5	272,022	347,316
Dividend income	4	199,948	149,957
Interest income		135,877	122,197
Change in fair value of investments at fair value through profit or loss		(19,858)	63,851
Other income		3,256	17,882
Depreciation		(544,513)	(598,563)
General and administration expenses		(116,510)	(142,429)
PROFIT FOR THE PERIOD		544,202	865,212
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	9	4	7
OTHER COMPREHENSIVE INCOME			
<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	6	140,899	10,404
- Share of other comprehensive income of an associate	5	15,345	12,721
Other comprehensive income for the period		156,244	23,125
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		700,446	888,337



Faisal Ahmad Al Zayani
Chairman



Adel Nahabati 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 CONDENSED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2026 (Reviewed)

	Note	Three-month period ended	
		31 March 2026 BD	31 March 2025 BD
OPERATING ACTIVITIES			
Profit for the period		544,202	865,212
Adjustments to reconcile profit to net cash flows:			
Depreciation of property, plant and equipment		339,181	386,964
Depreciation of investment property		205,332	211,599
Share of profit of an associate	5	(272,022)	(347,316)
Dividend income		(199,948)	(149,957)
Interest income		(135,877)	(122,197)
Change in fair value of investments at fair value through profit or loss	6	19,858	(63,851)
Allowance for expected credit losses		16,562	13,508
Provision for employees' end of service benefits		24,452	14,466
Operating profit before working capital changes		541,740	808,428
Working capital changes:			
Inventories		404	(20,789)
Trade receivables and other assets		(105,524)	(173,778)
Trade and other payables		(344,712)	(93,674)
Net cash flows from operations		91,908	520,187
Directors' remuneration paid		(269,500)	(262,125)
Charitable contribution paid		(13,000)	(18,790)
Employees' end of service benefits paid		(14,360)	(15,048)
Net cash flows (used in) from operating activities		(204,952)	224,224
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(315,929)	(271,086)
Additions to investment property		(85,002)	(11,415)
Maturity of debt investment at amortised cost	6	-	700,000
Interest received		204,917	166,410
Movement in bank deposits with maturity of more than three months		-	(100,000)
Dividend received from an associate	5	1,100,000	700,000
Dividends received on investments		24,000	24,000
Net cash flows from investing activities		927,986	1,207,909
NET INCREASE IN CASH AND CASH EQUIVALENTS		723,034	1,432,133
Cash and cash equivalents at 1 January		7,980,742	1,824,797
CASH AND CASH EQUIVALENTS AT 31 MARCH		8,703,776	3,256,930

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

National Hotels Company B.S.C.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2026 (Reviewed)

	<i>Reserves</i>						<i>Total reserves</i> <i>BD</i>	<i>Retained earnings</i> <i>BD</i>	<i>Total equity</i> <i>BD</i>
	<i>Share capital</i> <i>BD</i>	<i>Statutory reserve</i> <i>BD</i>	<i>General reserve</i> <i>BD</i>	<i>Property revaluation reserve</i> <i>BD</i>	<i>Investments fair value reserve</i> <i>BD</i>	<i>Share of reserves of an associate</i> <i>BD</i>			
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	-	-	-	-	-	-	-	865,212	865,212
Other comprehensive income for the period	-	-	-	-	10,404	12,721	23,125	-	23,125
Total comprehensive income for the period	-	-	-	-	10,404	12,721	23,125	865,212	888,337
Dividend (note 10)	-	-	-	-	-	-	-	(1,818,885)	(1,818,885)
Balance at 31 March 2025	12,127,500	6,063,750	1,087,579	14,418,702	1,403,364	106,667	23,080,062	46,176,086	81,383,648

	<i>Reserves</i>						<i>Total reserves</i> <i>BD</i>	<i>Retained earnings</i> <i>BD</i>	<i>Total equity</i> <i>BD</i>
	<i>Share capital</i> <i>BD</i>	<i>Statutory reserve</i> <i>BD</i>	<i>General reserve</i> <i>BD</i>	<i>Property revaluation reserve</i> <i>BD</i>	<i>Investments fair value reserve</i> <i>BD</i>	<i>Share of reserves of an associate</i> <i>BD</i>			
Balance at 1 January 2026	12,127,500	6,063,750	1,087,579	14,418,702	1,660,641	96,627	23,327,299	48,384,853	83,839,652
Profit for the period	-	-	-	-	-	-	-	544,202	544,202
Other comprehensive income for the period	-	-	-	-	140,899	15,345	156,244	-	156,244
Total comprehensive income for the period	-	-	-	-	140,899	15,345	156,244	544,202	700,446
Dividend (note 10)	-	-	-	-	-	-	-	(1,818,885)	(1,818,885)
Balance at 31 March 2026	12,127,500	6,063,750	1,087,579	14,418,702	1,801,540	111,972	23,483,543	47,110,170	82,721,213

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 STATEMENTS

At 31 March 2026 (Reviewed)

1 ACTIVITIES

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 authorized for issue by the Board of Directors on 30 April 2026.

2 MATERIAL ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements for the three-month period ended 31 March 2026 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 2025. In addition, results for the three-month period ended 31 March 2026 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

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 2025, except for the adoption of new standards effective as of 1 January 2026. 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 standards apply for the first time in 2026, but did not have an impact on the interim condensed financial statements of the Company:

Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- Clarifications of the requirements for recognition and derecognition of financial assets and financial liabilities. In particular, a financial liability is derecognised on the 'settlement date' and an accounting policy choice is introduced (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

2 MATERIAL ACCOUNTING POLICIES (continued)

New and amended standards adopted by the Company (continued)

Annual Improvements to IFRS accounting Standards – Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

Contracts Referencing Nature -dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature - dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity, and they:

- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance 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 2025.

4 SEASONALITY OF RESULTS

Dividend income from investments securities of BD 199,948 (31 March 2025: BD 149,957) and dividend income from investment in associate of BD 1,100,000 (31 March 2025: BD 700,000) for the three-month period ended 31 March 2026 is of a seasonal nature.

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

5 INVESTMENT IN AN ASSOCIATE

The Company has a 33.33% (31 December 2025: 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 of beverages. 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. The movements in the carrying value of the investment in an associate is as follows:

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2026 (Reviewed)

5 INVESTMENT IN AN ASSOCIATE (continued)

	31 March 2026 (Reviewed) BD	31 December 2025 (Audited) BD
At 1 January	6,538,326	6,378,813
Share of profit for the period / year	272,022	1,856,832
Share of other comprehensive income for the period / year	15,345	2,681
Dividend received	(1,100,000)	(1,700,000)
	5,725,693	6,538,326

As at 31 March 2026, the Company's share in associate's contingent liabilities arising in the ordinary course of business which includes an outstanding letter of guarantee amounted to BD 1,250 (31 December 2025: BD 1,250).

Further, as at 31 March 2026, the Company's share in associates' capital commitments amounted to BD 35,276 (31 December 2025: BD 134,922) arising from the construction of a retail store in Mina Salman, Kingdom of Bahrain.

The share of results of the associate is recognised based on the approved management accounts for the three-month period ended 31 March 2026 and audited financial statements for year ended 31 December 2025.

6 INVESTMENT SECURITIES

	31 March 2026 (Reviewed) BD	31 December 2025 (Audited) BD
Non-current		
Equity investments at fair value through other comprehensive income (FVOCI)	2,850,735	2,709,836
Debt investment at amortised cost	1,835,512	1,843,302
	4,686,247	4,553,138
Current		
Equity investment at fair value through profit or loss	1,361,396	1,381,254
Total investments	6,047,643	5,934,392

a) Equity investments at fair value though other comprehensive income (FVOCI)

	31 March 2026 (Reviewed) BD	31 December 2025 (Audited) BD
Quoted equity investments	2,193,894	2,052,995
Unquoted equity investments	656,841	656,841
	2,850,735	2,709,836

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2026 (Reviewed)

6 INVESTMENT SECURITIES (continued)

a) Equity investments at fair value through other comprehensive income (continued)

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

	31 March	31 December
	2026	2025
	(Reviewed)	(Audited)
	BD	BD
At 1 January	2,709,836	2,442,155
Change in fair value during the period / year	140,899	267,681
	2,850,735	2,709,836

b) Equity investment at fair value through profit or loss

	31 March	31 December
	2026	2025
	(Reviewed)	(Audited)
	BD	BD
Quoted equity portfolio	1,361,396	1,381,254

The quoted equity portfolio of BD 1,361,396 (31 December 2025: 1,381,254) is managed by external fund manager who is also a shareholder of the Company (refer note 11). The movement in the fair value of the investment at FVTPL is as follows:

	31 March	31 December
	2026	2025
	(Reviewed)	(Audited)
	BD	BD
At 1 January	1,381,254	1,234,773
Change in fair value during the period / year	(19,858)	146,481
	1,361,396	1,381,254

c) Debt investment at amortised cost

	31 March	31 December
	2026	2025
	(Reviewed)	(Audited)
	BD	BD
Debt securities	1,835,512	1,843,302

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2026 (Reviewed)

6 INVESTMENT SECURITIES (continued)

c) Debt investment at amortised cost (continued)

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

	31 March 2026 (Reviewed) BD	31 December 2025 (Audited) BD
At 1 January	1,843,302	2,574,463
Amortisation for the period / year	(7,790)	(31,161)
Matured during the period / year	-	(700,000)
	1,835,512	1,843,302

Debt investment at amortised cost primarily comprises the National Oil and Gas Authority (NOGA) bond and a sovereign bond issued by the Government of the Kingdom of Bahrain, both of which are denominated in USD.

7 BANK BALANCES AND CASH

	31 March 2026 (Reviewed) BD	31 December 2025 (Audited) BD
Bank balances (i)	2,695,954	972,391
Bank deposits (ii)	7,500,000	8,500,000
Cash in hand	7,822	8,351
Bank balances and cash	10,203,776	9,480,742
Less: Bank deposits with maturity exceeding three months	(1,500,000)	(1,500,000)
Cash and cash equivalents	8,703,776	7,980,742

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 4.71% (31 December 2025: 5.01%).

The Company has an unused overdraft facility of BD 0.5 million (31 December 2025: 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 2025: same).

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2026 (Reviewed)

8 HOTEL SERVICES REVENUE

Set out below is the disaggregation of the Company's hotel services revenue:

	<i>Three-month period ended</i>	
	31 March 2026 (Reviewed) BD	31 March 2025 (Reviewed) BD
Hotel rooms	513,785	580,045
Serviced apartments	304,641	425,879
Food and beverages	464,610	587,447
Others	46,837	60,116
	1,329,873	1,653,487
Timing of revenue recognition		
At a point in time	500,214	478,741
Over time	829,659	1,174,746
	1,329,873	1,653,487

The Company generates its revenue in the Kingdom of Bahrain.

9 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit or loss 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>	
	31 March 2026 (Reviewed)	31 March 2025 (Reviewed)
Profit for the period (BD)	544,202	865,212
Weighted average number of shares	121,275,000	121,275,000
Basic and diluted earnings per share (fils)	4	7

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 26 March 2026, a cash dividend of 15 fils per share totaling BD 1,818,885 for the year ended 31 December 2025 was approved (31 March 2025: 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).

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2026 (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 interim statement of profit or loss and other comprehensive income are as follows:

	<i>Three-month period ended 31 March 2026 (Reviewed)</i>				
	<i>Share of</i>		<i>Management</i>	<i>Other</i>	
	<i>profit</i>	<i>Purchases</i>	<i>fees</i>	<i>expenses</i>	<i>Revenue</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Shareholders	-	-	3,994	-	150,069
Associate	272,022	8,725	-	-	1,050
Management company	-	-	29,495	18,358	-
Directors	-	-	-	24,838	759
	272,022	8,725	33,489	43,196	151,878

	<i>Three-month period ended 31 March 2025 (Reviewed)</i>				
	<i>Share of</i>		<i>Management</i>	<i>Other</i>	
	<i>profit</i>	<i>Purchases</i>	<i>fees</i>	<i>expenses</i>	<i>Revenue</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Shareholders	-	-	3,646	-	150,069
Associate	347,316	24,457	-	-	1,050
Management company	-	-	33,319	18,160	-
Directors	-	-	-	62,072	659
	347,316	24,457	36,965	80,232	151,778

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

	31 March 2026 (Reviewed) BD	31 December 2025 (Audited) BD
Assets		
<i>Trade receivable and other assets</i>		
Shareholders	158,879	8,075
Management company	-	192
Associate	156	167
Directors	283	394
	159,318	8,828
Investment managed by a Shareholder		
Equity Investments at fair value through profit or loss	1,361,396	1,381,254

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2026 (Reviewed)

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	31 March 2026 (Reviewed) BD	31 December 2025 (Audited) BD
Liabilities		
<i>Trade and other payables</i>		
Associate	3,166	19,047
Management company	87,490	97,248
Directors	-	269,500
	90,656	385,795

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 three-month period ended was as follows:

	<i>Three-month period ended</i>	
	31 March 2026 (Reviewed) BD	31 March 2025 (Reviewed) BD
Short-term employee benefits	110,325	119,250
Directors' remuneration	-	30,425
Directors' sitting fees	15,000	15,000
End of service benefits	2,822	2,412
	128,147	167,087

12 COMMITMENTS AND CONTINGENCIES

a) Commitments

The Company has capital expenditure commitments of BD 2,667,791 as of 31 March 2026 (31 December 2025: BD 2,893,753).

b) Contingencies

The Company has an outstanding guarantee of BD 12,869 as at 31 March 2026 (31 December 2025: BD 13,369).

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.

Fair value of financial instruments

Financial instruments of the Company comprise of financial assets and financial liabilities.

Financial assets consist of investment securities, trade and other receivables and bank balances and cash. Financial liabilities consist of trade and other payables.

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

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2026 (Reviewed)

13 FAIR VALUE MEASUREMENT (continued)

Fair value of financial instruments (continued)

- a) Bank balances and cash, trade and other receivables 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 including the use of market multiples and net assets value; and
- c) The fair value of the debt security at amortised cost with carrying value of BD 1,835,512 (31 December 2025: BD 1,843,302) is BD 1,762,624 (31 December 2025: BD 1,841,023).

Fair value of non-financial assets and liabilities

The Company measures its free hold land at revalued amounts 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.

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

	<i>Date of valuation</i>	<i>31 March 2026 (Reviewed)</i>			<i>Total BD</i>
		<i>Quoted prices in active markets</i>	<i>Significant observable inputs</i>	<i>Significant unobservable inputs</i>	
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
		<i>BD</i>	<i>BD</i>	<i>BD</i>	
Assets measured at fair value					
<i>Investments at fair value through other comprehensive income (note 6)</i>	31 Mar 2026	2,193,894	-	656,841	2,850,735
<i>Investments at fair value through profit or loss (note 6)</i>	31 Mar 2026	1,361,396	-	-	1,361,396
<i>Free hold land*</i>	31 Dec 2024	-	-	20,295,567	20,295,567
		3,555,290	-	20,952,408	24,507,698

* 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.

National Hotels Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2026 (Reviewed)

13 FAIR VALUE MEASUREMENT (continued)

	Date of valuation	31 December 2025 (Audited)			Total BD
		Quoted prices	Significant	Significant	
		in active	observable	unobservable	
		markets	inputs	inputs	
	Level 1	Level 2	Level 3		
	BD	BD	BD		
<i>Assets measured at fair value</i>					
<i>Investments at fair value through other comprehensive income (note 6)</i>	31 Dec 2025	2,052,995	-	656,841	2,709,836
<i>Investments at fair value through profit or loss (note 6)</i>	31 Dec 2025	1,381,254	-	-	1,381,254
<i>Free hold land</i>	31 Dec 2024	-	-	20,295,567	20,295,567
		<u>3,434,249</u>	<u>-</u>	<u>20,952,408</u>	<u>24,386,657</u>

Liabilities measured at fair value:

There were no liabilities measured at fair value as of 31 March 2026 and as of 31 December 2025.

Reconciliation of fair value measurement of Level 3 financial assets

During the three-month period ended 31 March 2026 and year ended 31 December 2025, 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.

There were no movement in the fair values of financial assets and non-financial assets classified as level 3 category during the three-month period ended 31 March 2026.

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, investment securities, trade and other receivables and bank balances and cash. 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 and employees' end of service benefits. 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 31 March 2026 (Reviewed)

14 SEGMENT REPORTING (continued)

The following table presents the details of segmental operating results for the three-month period ended 31 March 2026 and 31 March 2025:

Three-month period ended 31 March (Reviewed)

	<i>Hotel operations</i>		<i>Real estate operations</i>		<i>Investments and corporate</i>		<i>Total</i>	
	<i>2026</i>	<i>2025</i>	<i>2026</i>	<i>2025</i>	<i>2026</i>	<i>2025</i>	<i>2026</i>	<i>2025</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	1,329,873	1,653,487	-	-	-	-	1,329,873	1,653,487
Rental revenue	-	-	410,711	455,156	-	-	410,711	455,156
Operating costs	(1,027,572)	(1,112,288)	(99,032)	(91,354)	-	-	(1,126,604)	(1,203,642)
Gross profit	302,301	541,199	311,679	363,802	-	-	613,980	905,001
Investment income*	-	-	-	-	587,989	683,321	587,989	683,321
Other income	-	-	-	-	3,256	17,882	3,256	17,882
Depreciation	(339,181)	(386,964)	(205,332)	(211,599)	-	-	(544,513)	(598,563)
General and administration expenses	-	-	-	-	(116,510)	(142,429)	(116,510)	(142,429)
(Loss)/profit for the period	(36,880)	154,235	106,347	152,203	474,735	558,774	544,202	865,212

*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 31 March 2026 (Reviewed)

14 SEGMENT REPORTING (continued)

The following table presents the details of segmental assets and liabilities as at 31 March 2026 and as at 31 December 2025:

	<i>Hotel operations</i>		<i>Real estate operations</i>		<i>Investments and corporate</i>		<i>Total</i>	
	<i>31 March 2026 (Reviewed) BD</i>	<i>31 December 2025 (Audited) BD</i>	<i>31 March 2026 (Reviewed) BD</i>	<i>31 December 2025 (Audited) BD</i>	<i>31 March 2026 (Reviewed) BD</i>	<i>31 December 2025 (Audited) BD</i>	<i>31 March 2026 (Reviewed) BD</i>	<i>31 December 2025 (Audited) BD</i>
Total assets	36,818,634	37,080,576	27,002,663	26,778,825	22,255,068	22,133,638	86,076,365	85,993,039
Total liabilities	1,224,145	1,607,673	36,283	65,790	2,094,724	479,924	3,355,152	2,153,387

15 IMPACT OF RECENT GEO-POLITICAL EVENTS

The geopolitical situation in Middle East has intensified since 28 February 2026. The situation continues to evolve and has had impacts in several countries across the Middle East including Kingdom of Bahrain, causing disruption to business and economic activities including effects on hotel industry. This has brought about additional uncertainties in the economic environment. During this period, the hotel building suffered minor damage from projectile resulting in a temporary disruption of operations. Management has made an initial assessment of the damage and concluded that the impact is not material to the interim condensed financial statements.

Management has evaluated the potential impacts on the Company's financial position, its operations and cash flows including inflationary pressures, lower occupancy, elevated energy costs and its ability to continue as a going concern. As at the date of approval of these interim condensed financial statements, as per management's assessment, no material adverse effects are expected on interim condensed financial statements of the Company as management expects recovery in the upcoming period in the light of the ongoing peace talks. Given the continuing uncertainty surrounding the geopolitical environment, management will continue to monitor developments and assess their potential implications on the business in future reporting periods.