



Annual Report

Abu Dhabi National Hotels Company

The 16th Annual Report 1993



Incorporated in Abu Dhabi in 1978

Paid up capital Dh. 121,000,000

Dear Shareholders,

It is my pleasure to address you today in our meeting again on the path of benevolence and prosperity, and review with you the outcome of a full year of continuing and constant work towards the achievement of the best results.

Firstly, we seize this opportunity to extend our gratitude and thanks to His Highness Sheikh Zayed Bin Sultan Al-Nahyan, the President, and to His Highness Sheikh Khalifa Bin Zayed Al-Nahyan, the Crown Prince and Deputy supreme Commander of the Armed Forces, for their continued support and patronage. Their noble patronage and generous support enabled us to attain the excellent results which we shall review in this report.

It honours me to inform you that the Company's revenues increased to approximately Dhs. 500 million in 1993 from approximately Dhs. 458 million in 1992, representing an increase of Dhs. 42 million. As a result, net profits rose to Dhs. 125 million in 1993 compared to Dhs. 93.5 million in 1992, representing an increase of 33.7%. As you may note, net profits exceeded the share capital, and earnings per share reached Dhs. 103.35. I believe this return is among the highest returns of the national shareholding companies.

The economic boom in the country, in particular, and the Gulf region, in general, has contributed remarkably to these significant and respectable results despite the surge of strong competition in the various aspects of our activities. This competition is represented in many ways among which, the increasing number of competing hotels and furnished flats buildings, in addition to the increased competition in the catering and supply sector.

Consequently, we are bound to be alerted on the future and to plan to curb such effects through promoting and developing the quality of services we offer to our clients. For this purpose, we are working for the development of our hotels through renewal of their furniture and fixtures, and renovation of their facilities, thus enhancing the quality of services, and for the development of the effectiveness of our catering services and the promotion of new opportunities.

Notwithstanding the capital investments which we made and those which are in progress, our cash position has witnessed a tangible improvement, which allows the Board of Directors to recommend the distribution of a dividend of 50% of the share capital. Subject to your kind approval, an amount of Dhs. 60.5 million will be distributed to the shareholders. After such distribution, shareholders equity will increase to Dhs. 422.9 million representing an increase of 18.02% over 1992.

This excellent level of performance obliges us to maintain these best results which were achieved, and to shoulder the responsibility of avoiding any drop or reduction in such results, and continue to work for their development using all our means, in such a changing world and challenging circumstances.

Finally, on behalf of the members of the Board of Directors, and myself, I would like to extend my thanks for your continuing attendance and your diligent follow up of your Company's activities. And on your behalf, I seize this opportunity to thank the management and the staff of the various divisions of the Company for their endeavours and efforts in realizing these excellent results.

Abu Dhabi National Hotels Company

Auditor's Report

To the Shareholders of
ABU DHABI NATIONAL HOTELS COMPANY
Abu Dhabi, UAE

We have audited the consolidated balance sheet of ABU DHABI NATIONAL HOTELS COMPANY and its wholly owned subsidiary as of December 31, 1993 and the related consolidated statements of earnings and retained earnings and cash flow for the year then ended. Our audit was conducted in accordance with International Standards on Auditing and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Abu Dhabi National Hotels Company and consolidated subsidiary as of December 31, 1993 and the results of their operations and their cash flows for the year then ended, in conformity with International Accounting Standards.

Abu Dhabi, U.A.E.
February 28, 1994

Touche Ross & Co.

Abu Dhabi National Hotels Company

Consolidated Balance Sheet as at December 31, 1993

ASSETS		<u>1993</u>	<u>1992</u>
CURRENT ASSETS:	Note	Dirhams	Dirhams
Banks and short term deposits	3	235,190,443	173,369,722
Accounts receivable	4	185,119,357	185,929,067
Inventories		<u>22,149,563</u>	<u>20,429,338</u>
Total current assets		<u>442,459,363</u>	<u>379,728,127</u>
LONG TERM INVESTMENTS	5	<u>31,143,310</u>	<u>31,143,310</u>
Property, plant and Equipment	6	<u>314,632,393</u>	<u>289,363,671</u>
Preoperating Expenses	7	<u>3,280,303</u>	<u>4,522,731</u>
Total Assets		<u><u>791,515,369</u></u>	<u><u>704,757,839</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Current portion of long term loans	11	26,389,151	26,389,151
Accounts payable	8	70,567,958	50,122,158
Accrued liabilities	9	30,975,078	28,262,146
Proposed dividend	10	<u>60,500,000</u>	<u>48,400,000</u>
Total current liabilities		<u>188,432,187</u>	<u>153,173,455</u>
LONG TERM LOANS	11	<u>150,513,702</u>	<u>166,902,853</u>
RESERVE FOR END OF SERVICE BENEFITS		<u>29,710,712</u>	<u>26,374,801</u>
Total liabilities		<u>368,656,601</u>	<u>346,451,109</u>
SHREHOLDERS' EQUITY:			
Share capital	12	121,000,000	121,000,000
Legal reserve	13	60,500,000	60,500,000
Retained earning		<u>241,358,768</u>	<u>176,806,730</u>
Total shareholders' equity		<u>422,858,768</u>	<u>358,306,730</u>
Total Liabilities and Shareholders' Equity		<u><u>791,515,369</u></u>	<u><u>704,757,839</u></u>

The accompanying notes are an integral part of these statements

Abu Dhabi National Hotels Company**Consolidated Statement of Earnings and Retained Earnings for the Year Ended December 31, 1993**

		<u>1993</u>	<u>1992</u>
	Note	Dirhams	Dirhams
REVENUES	14	499,914,210	458,328,081
COSTS AND EXPENSES	15	<u>(374,894,190)</u>	<u>(353,520,362)</u>
Gross operating income		125,020,020	104,807,719
INTEREST INCOME		5,764,837	4,863,615
DIVIDEND AND OTHER INCOME	16	<u>1,737,985</u>	<u>8,441,206</u>
Total Income		132,522,842	118,112,540
PROVISION FOR LOSSES OF INVESTMENTS	5 (a)	—	(16,969,511)
INTEREST EXPENSE	11	<u>(5,720,804)</u>	<u>(6,543,915)</u>
Net earnings for the year before Directors' remuneration and staff bonus		126,802,038	94,599,114
Directors' remuneration and staff bonus		<u>(1,750,000)</u>	<u>(1,125,000)</u>
NET EARNINGS FOR THE YEAR		<u>125,052,038</u>	<u>93,474,114</u>
Earnings per share	17	<u>103.35</u>	<u>77.25</u>
RETAINED EARNINGS			
Balance at January 1,		176,806,730	131,732,616
Net earnings for the year		125,052,038	93,474,114
Proposed dividend	10	<u>(60,500,000)</u>	<u>(48,400,000)</u>
Balance at December 31,		<u>241,358,768</u>	<u>176,806,730</u>

The accompanying notes are an integral part of these statements

Abu Dhabi National Hotels Company**Consolidated Statement of Cash Flow for the year ended December 31, 1993**

(Cont'd)

	<u>1993</u>	<u>1992</u>
	Dirhams	Dirhams
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earning for the year	125,052,038	93,474,114
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation and amortization	34,738,019	38,043,914
Interest income	(5,764,837)	(4,863,615)
Interest expense	5,720,804	6,543,915
Recovery of advance to affiliated company	(569,385)	—
Increase in reserve for end of service benefits	7,007,867	6,363,438
Loss (gain) on sale of property, plant and equipment	351,481	(37,074)
Provision for losses of investments	—	16,969,511
Capital gain on sale of long term investment	—	(4,406,200)
Dividend received	(547,030)	(547,030)
Operating profit before working capital changes	165,988,957	151,540,973
Decrease (Increase) in accounts receivable	989,183	(33,124,014)
(Increase) in inventories	(1,720,225)	(1,147,001)
Increase (decrease) in accounts payable	7,681,525	(20,365,724)
Increase in accrued liabilities	3,370,816	4,267,496
Increase in proposed dividend	12,100,000	—
(Decrease) in Managed funds	—	(14,387,486)
Cash generated from operating activities	188,410,256	86,784,244
Payment of end of service benefits	(3,671,956)	(2,962,150)
Net cash provided by operating activities	184,738,300	83,822,094
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(60,374,008)	(44,703,398)
Interest received	5,585,364	6,080,419
Proceeds from sale of property, plant and equipment	1,459,397	2,255,721
Additions to preoperating expenses	(201,183)	(1,394,219)
Recovery of advance to affiliated company	569,385	—
Dividend received	547,030	547,030
Proceed from sale of long term investments	—	15,418,200
Advance to an affiliated company	—	(569,385)
Increase in other long term investments	—	(3,550)
Net cash used in investing activities	(52,414,015)	(22,369,182)

The accompanying notes are an integral part of these statements

Abu Dhabi National Hotels Company

Consolidated Statement of Cash Flow for the year ended December 31, 1993

	<u>1993</u>	<u>1992</u>
	Dirhams	Dirhams
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long term loans obtained	10,000,000	20,000,000
Repayment of long term loans	(26,389,151)	(26,389,151)
Interest paid	(6,378,688)	(7,101,799)
Dividend paid	(47,735,725)	(49,514,920)
Net cash used in financing activities	<u>(70,503,564)</u>	<u>(63,005,870)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>61,820,721</u>	<u>(1,552,958)</u>
Cash and cash equivalents, at beginning of year	<u>173,369,722</u>	<u>174,922,680</u>
NET CASH AND CASH EQUIVALENTS, AT END OF YEAR	<u><u>235,190,443</u></u>	<u><u>173,369,722</u></u>

The accompanying notes are an integral part of these statements

1. THE COMPANY:

Abu Dhabi National Hotels Company (the Company) was established in Abu Dhabi on April 13, 1975 by Law No. (3) as amended by Law No. (5) of 1978, to own and manage deluxe hotels and to undertake other related business.

The Extra-ordinary General Assembly of the shareholders in its meeting held on April 20, 1992 resolved certain changes to the by-laws of the Company in respect of the composition of its Board of Directors. The company also contemplates to further amend its by-laws to comply with the provisions of the U.A.E. Federal Commercial Companies Law No. (8) of 1984, as amended.

The company owns six hotels within the Emirate of Abu Dhabi (Hilton International Abu Dhabi, Hilton International Al Ain, Abu Dhabi gulf Hotel, Abu Dhabi Sheraton Hotel, Le Meridien Abu Dhabi and Jazira Resort Hotel). All these hotels are managed by international hotel operating companies except the Gulf Hotel and Jazira Resort Hotel which are managed directly by the Company. Jazira Resort Hotel commenced operations on October 1, 1991. The Company also manages for its own account two other hotels under long term lease agreements. The Company operates as well a catering and contract services division, a supply division, a tourism division, a hotels management division and a taxi service through a wholly owned subsidiary, Al Ghazal Taxi. The Company also manages and supervises for the account of the Government of Abu Dhabi other non-owned hotels and touristic outlets.

The Company is also engaged in the development and operation of touristic complexes in North Africa, Turkey and Greece through two companies, Overseas Tourist Investment Company (OTIC) in which it owns 38.46% equity and Abu Dhabi Tourist Investment Company (ADTIC) in Egypt in which it owns 11.8% equity. OTIC is a private shareholding company with subsidiary hotels operating in a number of Mediterranean countries. The Company also owns directly 38.2% of the share capital of OTIC mediterranean Hotels B.V. (OTIC B.V.), a subsidiary of OTIC, and a holding company for its Greek hotel operations acquired in 1989.

2. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of Consolidation:

The consolidated financial statements of the Company include the accounts of the holding company, its wholly owned subsidiary Al Ghazal Taxi and the accounts of the following hotels and divisions which are owned by the Company: the six hotels in the Emirate of Abu Dhabi as described in Note 1 above, the catering and contract services division, the supply division, the tourism division and the hotels management division in addition to the accounts of two hotels under long term lease.

All significant intergroup transactions have been eliminated.

(b) Accounts Receivable:

Accounts receivable are stated net of allowance for doubtful accounts. the allowance is determined based on an aging of the accounts receivable and mangement's past experience.

(c) Inventories:

Inventories consist of food, beverages and operating supplies and are stated at the lower of cost or net realizable value. Cost is determined principally following the weighted average method.

(d) Long Term Investments:

Investments in entities where the Company has over 20% and up to 50% voting interest and significant influence are accounted for on the equity method of accounting based on available financial information provided by the investee companies. The equity method requires the Company to record its share of the increase or decrease in the net assets of the investee companies.

Equity investments in unquoted companies in which the Company has interest of 20% or less, are carried at historical cost. When there is a permanent impairment in value, a provision is taken therefor.

(e) Property, Plant and Equipment:

Property, plant and equipment are stated at cost les accumulated depreciation. Depreciation is provided on the straight line method over the following estimated useful lives:

Abu Dhabi National Hotels Company

Notes to the Consolidated Financial Statements for the year ended December, 31, 1993

Buildings	15 to 25 years
Mechanical, electrical and plumbing	10 years
Furniture, fixtures and operating equipment	3 to 7 years
Vehicles	2 to 5 years

No depreciation is charged on land. No depreciation also is charged on new assets acquired during the year.

(f) Preoperating Expenses:

Preoperating expenses represent costs incurred for new catering operations, and costs incurred prior to commencement of a hotel operation. Preoperating expenses are stated net of related amortization. The costs of new catering operations are amortized following the straight line method over the shorter of period of 5 years or the contract period of the operation. Hotel preoperating expenses are amortized over a period of 5 years.

(g) Reserve for Employee End of Service Benefits:

Reserve is made for employees end of service benefits and is calculated in accordance with the provisions of the U.A.E. Federal Labour Law and contractual obligations.

(h) Translation of Financial Statements of Foreign Operations:

The financial statements of foreign affiliated companies which are denominated in foreign currencies are translated into U.A.E. Dirhams using the current rate method. The aggregate effect of gains and losses on translation of the Company's equity interest in its foreign affiliates, if any, is reflected in cumulative translation adjustment and taken to shareholders' equity.

(i) Revenues

Revenues represent the value of goods and services billed to customers, net of allowances. Revenues include also management and supervision fees, rental and other hotels income.

(j) Exchange Gains and Losses:

Foreign currency transactions during the year are recorded in U.A.E. Dirhams at the exchange rate prevailing on the date of the transaction. Assets and liabilities denominated in foreign currencies at the balance sheet date are con-

verted into U.A.E. Dirhams at the rate of exchange prevailing on that date. Gains or losses from exchange are dealt with in the consolidated statement of earnings.

(k) Comparative Financial Information:

The comparative figures shown for the year 1992 were reclassified, where necessary, to conform to current year presentation.

Abu Dhabi National Hotels Company

Notes to the Consolidated Financial Statements for the year ended December, 31, 1993

3. BANKS AND SHORT TERM DEPOSITS:

	DECEMBER 31,	
	<u>1993</u>	<u>1992</u>
	Dirhams	Dirhams
Short term deposits, net of provision	182,339,406	145,217,369
Cash and current accounts with banks	<u>52,851,037</u>	<u>28,152,353</u>
	<u><u>235,190,443</u></u>	<u><u>173,369,722</u></u>

As at December 31, 1993, a full provision has been established for possible non-recovery of a fixed term deposit of DH 5,027,448.

4. ACCOUNT RECEIVABLE:

	DECEMBER 31,	
	<u>1993</u>	<u>1992</u>
	Dirhams	Dirhams
U.A.E. Federal Government and other governments departments	122,583,815	122,817,802
Other trade receivables	32,005,762	38,031,129
Other accounts receivable and prepayments	30,043,785	24,773,614
Interest receivable	<u>485,995</u>	<u>306,522</u>
Total	<u><u>185,119,357</u></u>	<u><u>185,929,067</u></u>

Accounts receivable are stated net of an allowance for doubtful accounts of DH 12,338,123 at December 31, 1993 (1992 - DH 8, 148,705).

Abu Dhabi National Hotels Company

Notes to the Consolidated Financial Statements for the year ended December, 31, 1993

5. LONG TERM INVESTMENTS:	DECEMBER 31,	
	1993	1992
	Dirhams	Dirhams
(a) In Affiliates	--	--
(b) In Unquoted Companies, at cost	31,143,310	31,143,310
	<u>31,143,310</u>	<u>31,143,310</u>

(a) Affilites:

	Ownership Interest	Dirhams
Equity as of December 31, 1991 in Overseas Tourist Investment Company (OTIC)	38.46%	10,407,082
Equity as of December 31, 1991 in OTIC mediterranean Hotels B.V. (OTIC B.V.)	38.2%	6,890,765
		<u>17,297,847</u>
Additional advance to OTIC - 1992		569,385
Reversal of cumulative translation adjustment - 1992		(897,721)
Provision for non-recovery of investment		<u>(16,969,511)</u>
Net carrying value		<u>—</u>

OTIC Group experienced losses in the past which have nearly wiped out shareholders equity at December 31, 1992. Group accounts for the year 1993 are not available yet.

Recovery of the Company's net investment in OTIC Group is unforeseen in the foreseeable future.

Accordingly, the Company provided fully in 1992 for the possible non-recovery of its investment.

During 1993, the Company recovered the additional advance of DH 569,385 paid to OTIC in 1992 and fully provided for. The amount is included in other income.

Abu Dhabi National Hotels Company

Notes to the Consolidated Financial Statements for the year ended December, 31, 1993

	Ownership Interest	DECEMBER 31,	
		1993	1992
		Dirhams	Dirhams
(b) Unquoted companies, at cost:			
(i) Abu Dhabi Tourist Investment Company (ADTIC), Egypt (1992 - 20%).	11.8%	25,623,010	25,623,010
(ii) Amar Hotel Investment Corporation	10.7%	-	-
National Bank of Fujairah, U.A.E.	3.6%	5,520,300	5,520,300
		<u>31,143,310</u>	<u>31,143,310</u>

(i) Investment in ADTIC consists of share in paid up capital, at historical cost. The issued share capital of ADTIC is Egyptian Pounds (EP) 100,000,000 divided into 1,000,000 shares at a par value of EP 100 each. ADNHC's share was 20%. During 1993, ADTIC increased its share capital to EP 170,000,000. However, ADNHC did not exercise its option in this capital increase thus diluting its equity to 11.8% of ADTIC share capital. ADTIC has not commenced operations to date. The objectives of ADTIC are mainly to construct, own and operate hotels and touristic resorts in Egypt. Two of the company's hotels are scheduled to open in 1994 and another two hotels are scheduled to open in 1995. Because ADNHC's investment in ADTIC is intended for long term purposes, it is being carried at historical cost.

(ii) During 1992, the Company sold its 10.7% share in Amar Hotel Investment Corporation realizing a capital gain of DH 4,406,200 included in other income in 1992.

Abu Dhabi National Hotels Company

Notes to the Consolidated Financial Statements for the year ended December, 31, 1993

6. PROPERTY, PLANT AND EQUIPMENT:

	Land and Buildings Dirhams	Mechanical, Electrical & Plumbing Dirhams	Furniture, Fixtures & Operating Equipment Dirhams	Vehicles Dirhams	Assets Under Constructin Dirhams	Total Dirhams
COST:						
Balance at 1.1.93	262,963,454	109,615,989	252,929,766	18,923,952	11,875,752	656,308,913
Additions net of transfers from assets under construction	7,916,798	1,308,784	26,939,791	1,845,443	22,363,192	60,374,008
Disposals	—	—	(1,902,998)	(884,421)	—	(2,787,419)
Balance at 31.12.93	<u>270,880,252</u>	<u>110,924,773</u>	<u>277,966,559</u>	<u>19,884,974</u>	<u>34,238,944</u>	<u>713,895,502</u>
ACCUMULATED DEPRECIATION:						
Balance at 1.1.93	87,099,229	83,148,595	187,662,354	9,035,064	—	366,945,242
Charge for the year	9,461,222	4,839,067	15,712,861	3,281,258	—	33,294,408
Disposals	—	—	(519,197)	(457,344)	—	(976,541)
Balance at 31.12.93	<u>96,560,451</u>	<u>87,987,662</u>	<u>202,856,018</u>	<u>11,858,978</u>	—	<u>399,263,109</u>
NET BOOK VALUE:						
December 31, 1993	<u>174,319,801</u>	<u>22,937,111</u>	<u>75,110,541</u>	<u>8,025,996</u>	<u>34,238,944</u>	<u>314,632,393</u>
December 31, 1992	<u>175,864,225</u>	<u>26,467,394</u>	<u>65,267,412</u>	<u>9,888,888</u>	<u>11,875,752</u>	<u>289,363,671</u>

Included in land and buildings is cost of land stated at DH 23,483,970 at December 31, 1993 and 1992 on which no depreciation is charged.

Additions to assets under construction represent mainly capital expenditures on extensions and additions to existing hotels, in progress. Upon completion of the construction, capital expenditures are transferred to the appropriate asset accounts. During 1993, 50 chalets at Abu Dhabi Gulf Hotel, Al Ghazal Taxi staff accommodation, and a swimming pool at Jazira Hotel were completed.

Abu Dhabi National Hotels Company**Notes to the Consolidated Financial Statements for the year ended December, 31, 1993**

	DECEMBER 31,	
	1993	1992
	DIRHAMS	DIRHAMS
7. PREOPERATING EXPENSES:		
Balance January 1,	4,522,731	4,205,374
Additions during the year	201,183	1,394,219
Amortization charged during the year	(1,443,611)	(1,076,862)
Balance December 31,	3,280,303	4,522,731

8. ACCOUNTS PAYABLE

Included in accounts payable, are unclaimed dividends of DH 3,469,725 as at December 31, 1993 (1992 - DH 2,805,450).

9. ACCRUED LIABILITIES:

Accrued liabilities include accrued interest payable on long term loans amounting to DH 3,298,686 as at December 31, 1993 (1992 - DH 3,956,570).

10. PROPOSED DIVIDEND:

The Directors of the Company are proposing, subject to the approval of the shareholders in their 1994 annual general meeting, a dividend of DH50 per ordinary share (50% of par value) based on the net earnings for the year 1993.

	DECEMBER 31,	
	1993	1992
	DIRHAMS	DIRHAMS
11. LONG TERM LOANS:		
Loans from the Government of Abu Dhabi:		
1978 loan balance	5,000,000	10,000,000
1983 loan balance	114,217,137	133,252,717
1986 loan balance	1,435,716	1,914,287
1992 loan	20,000,000	10,000,000
	<u>140,652,853</u>	<u>155,167,004</u>
Loans from Abu Dhabi Fund for Development:		
1988 loan balance	26,250,000	28,125,000
1992 additional loan	10,000,000	10,000,000
	<u>36,250,000</u>	<u>38,125,000</u>
Total loans	<u>176,902,853</u>	<u>193,292,004</u>
Less: Current portion due in the ensuing year	<u>26,389,151</u>	<u>26,389,151</u>
Long term portion	<u>150,513,702</u>	<u>166,902,853</u>

Abu Dhabi National Hotels Company

Notes to the Consolidated Financial Statements for the year ended December, 31, 1993

Loans at December 31, 1993 as shown in the above analysis, will mature as follows:

	DIRHAMS
1994	26,389,151
1995	21,389,151
1996	25,091,077
1997	24,612,503
1998	24,612,503
1999-2011	54,808,468
	<u>176,902,853</u>

The 1978 loan was obtained by the Company from the Government of Abu Dhabi in the original principal amount of DH 65,000,000 for the purpose of acquiring three hotels, namely Hilton International Abu Dhabi, Hilton International Al Ain and Abu Dhabi Gulf Hotel (ex-Ramada). The balance of the loan at December 31, 1993 is repayable in one installment of DH 5,000,000 in 1994. Interest is due on the outstanding principal amount at the rate of 4% per annum. Interest charged in 1993 amounted to DH 266,667 (1992-DH 466,667).

In 1983, the Company obtained a further loan from the Government of Abu Dhabi in the original principal amount of DH 247,466,197 for the purpose of acquiring Abu Dhabi Sheraton Hotel and Hotel Le Meridien Abu Dhabi. The loan is repayable in 13 annual installments which commenced in 1987. At December 31, 1993 six installments remained unpaid, of which 5 are in the amount of DH 19,035,580 each and a last installment due in 1999 of DH 19,039,237.

Interest is due on the outstanding principal amount at the rate of 4% per annum. Interest charged in 1993 amounted to DH 4,822,493 (1992 - DH 5,583,918).

In 1986, a loan of DH 3,350,000 was granted by the Government of Abu Dhabi for the formation of Al Ghazal Taxi (a consolidated subsidiary). The loan is repayable in seven equal annual installments of DH 478,571 each following an initial grace period of 3 years. At December 31, 1993, three instalments remained unpaid. The loan car-

ries fixed interest on the outstanding principal amount at the rate of 5% per annum from the end of the grace period. Interest charged in 1993 amounted to DH 85,028 (1992 - DH 108,957).

In May 1992, the Company concluded a loan agreement for DH 40,000,000 with the Government of Abu Dhabi to finance the construction of an extension to Hilton International Hotel - Al Ain. The Company received DH 10,000,000 out of this loan in 1992 and DH 10,000,000 in 1993. The loan is repayable after an initial grace period of 3 years, over a period of 13 years, in 13 equal annual installments of DH 3,076,923 each. The loan carries an interest charge of 4% per annum from the end of the grace period.

In 1988, the Company negotiated a loan facility of DH 30,000,000 from Abu Dhabi Fund for Development to finance the construction of Jazira Resort Hotel at Ghantoot (Abu Dhabi) at the instructions of H.H. the Ruler of Abu Dhabi Emirate by December 31, 1990, the total amount of the loan facility was drawn by the Company. The loan is repayable over a period of sixteen years in equal semi-annual installments of DH 937,500 each which commenced in 1992. The loan carries a service charge of 2% per annum which amounted to DH 546,616 in 1993 (1992 - DH 384,373).

An additional DH 10,000,000 loan facility was approved by Abu Dhabi Fund for Development on November 30, 1991, also to finance the completion of the construction of Jazira Resort Hotel. The said amount was received in February 1992 under the same terms of the above mentioned facility, except that the amount of the semi-annual installment is DH 312,500 and repayment starts on April 30, 1996. This additional loan facility forms an integral part of the above mentioned DH 30,000,000 loan agreement.

Also, on March 27, 1993 a second loan facility of DH 10,000,000 was concluded with Abu Dhabi Fund for Development to finance the completion of Jazira Resort Hotel. No draw down was made by December 31, 1993. The terms of this loan facility are similar to the above first additional loan facility except that repayment starts on April 30, 1997. This second loan facility forms an integral part of the above mentioned DH 30,000,000 loan agreement.

Abu-Dhabi National Hotels Company

Notes to the Consolidated Financial Statements for the year ended December, 31, 1993

12. SHARE CAPITAL:

	DECEMBER 31		
	<u>Shares</u>	<u>1993</u> Dirhams	<u>1992</u> Dirhams
Authorized, issued and fully paid ordinary nominal shares of DH 100 each.	<u>1,210,000</u>	<u>121,000,000</u>	<u>121,000,000</u>

13. LEGAL RESERVE:

In accordance with Article 22 of Law No. (5) of 1978 and Article 47 of the Company's by-laws, an amount equal to 10% of the Company's annual profits is to be transferred to a legal reserve until such reserve reaches 50% of the Company's issued and fully paid up capital, which was achieved in prior years.

14. REVENUES:

	<u>1993</u> Dirhams	<u>1992</u> Dirhams
Hotels:		
Rooms	109,140,402	101,752,160
Food and beverage	138,012,080	124,139,661
Other departmental revenues	25,165,958	26,858,630
Rental and other income	<u>8,100,132</u>	<u>9,094,683</u>
Total hotels revenues	280,418,572	261,845,134
Catering and contract services	192,171,500	167,794,082
Management and supervision fees	13,796,532	15,956,625
Taxi service	<u>13,527,606</u>	<u>12,732,240</u>
Total revenues	<u>499,914,210</u>	<u>458,328,081</u>

Abu Dhabi National Hotels Company

Notes to the Consolidated Financial Statements for the year ended December, 31, 1993

15. COSTS AND EXPENSES:

	<u>1993</u>	<u>1992</u>
	Dirhams	Dirhams
Hotels:		
Rooms	12,786,956	11,643,150
Food and beverage	74,786,398	70,107,735
other departmental costs	12,972,114	14,400,605
other operating costs	55,510,807	49,470,535
Hotels operators' fees	12,178,112	12,655,652
Total hotels costs and expenses	<u>168,234,387</u>	<u>158,277,677</u>
Catering and contract services	150,381,085	132,999,253
Taxi service	10,606,191	10,065,587
Depreciation and amortization	34,738,019	38,043,914
General and administrative expenses	9,407,060	10,633,931
Provision for non-recovery of term deposit with a bank	1,527,448	3,500,000
Total costs and expenses	<u>374,894,190</u>	<u>353,520,362</u>

16. DIVIDEND AND OTHER INCOME:

	<u>1993</u>	<u>1992</u>
	Dirhams	Dirhams
Recovery of advance to affiliated company	569,385	—
Dividend	547,030	3,699,620
Capital gain on sale of long term investment	—	4,406,200
Other income	621,570	335,386
Total	<u>1,737,985</u>	<u>8,441,206</u>

17. EARNINGS PER SHARE:

Earnings per share data is calculated based on 1,210,000 ordinary shares in issue throughout the years 1993 and 1992.

18. COMMITMENTS AND CONTINGENT

LIABILITIES:

As at December 31, 1993 the Company had, in the normal course of business, commitments and contingent liabilities under letter of credit and bank guarantees in the total amount of DH 34,132,341 (1992 - DH 21,579,073).

The Company had also as at that date, commitments under contracts for capital expenditures of DH 62,147,031 (1992-DH 29,784,874).

On the other hand, the Company had as at December 31, 1993 bank deposits placed in its name and managed by it under its contractual arrangements with the Government of Abu Dhabi, regarding management of certain Government outlets and resorts, in the total amount of DH 28,758,751 (1992 - DH 30,797,038), which are recorded in the books of account of the managed outlets and resorts, and are not part of these financial statements.

Also, the Company had as at December 31, 1993 bank deposits placed in its name and managed by it for the total amount of DH 31,268,999 (1992 - DH 22,717,996) as contra account for liabilities of the Company to certain shareholders, other than directors, in respect of their unclaimed dividends and dividends reinvested together with interest accruing thereon.

Lease Commitments:

The Company had as at December 31, 1993, outstanding commitments of DH 38,240,000 under long term lease agreements covering two hotels operated by the company for its own account.

The leases expire in the years 2001 and 2002 respectively. Furthermore, the Company had as at that date, a lease commitment of DH 25,000,000 in respect of a ten year lease agreement signed in November 1993 for a new hotel which will be operated by the Company starting 1994.