

BAHRAIN TOURISM COMPANY BSC
CONDENSED INTERIM FINANCIAL
INFORMATION
30 June 2013

Hotel, property and tourism development and investment

Commercial registration : 1977

Board of Directors : Qassim Mohamed Fakhroo (*Chairman*)
Waleed Ahmed Al Khaja (*Vice Chairman*) *
Adel Hussain Al-Maskati
Jalal Mohammed Yousuf Jalal
Hala Ali Yateem
Abdulla Mohammed Turki AlMahmood *
Reyadh Ahmed Al Mahmeed *
Najah Hassan Al Arabi *

Chief Executive Officer : Abdulnabi Daylami

Offices : Crowne Plaza, PO Box 5831, Diplomatic Area
Manama – Kingdom of Bahrain
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Bankers : Ahli United Bank BSC
National Bank of Bahrain BSC
Bank of Bahrain and Kuwait BSC

Auditors : KPMG

* Representatives of Social Insurance Organization

Bahrain Tourism Company BSC

CONDENSED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2013

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Independent auditors' report on review of condensed interim financial information

To
2013
The Board of Directors
Bahrain Tourism Company BSC

5 August

Introduction

We have reviewed the accompanying 30 June 2013 condensed interim financial information of Bahrain Tourism Company BSC ("the Company"), which comprises:

- the condensed statement of financial position as at 30 June 2013;
- the condensed statements of comprehensive income for the three month and six month periods ended 30 June 2013;
- the condensed statement of changes in equity for the six month period ended 30 June 2013;
- the condensed statement of cash flows for the six month period ended 30 June 2013; and
- notes to the condensed interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information 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 30 June 2013 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

CONDENSED STATEMENT OF FINANCIAL POSITION
as at 30 June 2013

Bahraini dinars

	30 June 2013 (reviewed)	31 December 2012 (audited)
CURRENT ASSETS		
Cash and bank balances	1,176,023	796,661
Short-term bank deposits	5,980,334	6,422,837
Trade receivables	548,100	452,300
Inventory	63,512	68,787
Prepayments and other receivables	221,180	210,326
Total current assets	7,989,149	7,950,911
NON-CURRENT ASSETS		
Available-for-sale investments	4,547,028	3,818,053
Investment in associate company	5,519,308	5,409,084
Investment property	1,074,573	1,101,151
Property and equipment	14,679,955	14,551,238
Total non-current assets	25,820,864	24,879,526
TOTAL ASSETS	33,810,013	32,830,437
CURRENT LIABILITIES		
Trade payables	946,174	555,312
Accrued expenses and other payables	1,004,925	1,025,942
Dividends payable	437,495	353,128
Total current liabilities	2,388,594	1,934,382
NON-CURRENT LIABILITIES		
Provision for employees' leaving indemnity	412,417	360,798
TOTAL LIABILITIES	2,801,011	2,295,180
EQUITY		
Share capital	7,200,000	7,200,000
Treasury shares	(972,295)	(972,295)
Statutory reserve	3,600,000	3,600,000
Capital and development reserves	12,758,242	12,758,242
Available-for-sale investments fair value reserve	3,322,238	2,562,309
Retained earnings	5,100,817	5,387,001
TOTAL EQUITY (page 4)	31,009,002	30,535,257
TOTAL LIABILITIES AND EQUITY	33,810,013	32,830,437

Qassim Mohamed Fakhroo
Chairman

Waleed Ahmed Al Khaja
Vice Chairman

Abdulnabi Daylami
Chief Executive Officer

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 11 on 5 August 2013.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2013

Bahraini dinars

	Three months ended		Six months ended	
	30 June 2013 (Reviewed)	30 June 2012 (Reviewed)	30 June 2013 (Reviewed)	30 June 2012 (Reviewed)
HOTEL OPERATIONS				
Revenue	1,463,157	1,293,862	3,031,899	2,547,667
Operating costs	(1,114,921)	(988,047)	(2,211,307)	(1,929,889)
PROFIT BEFORE DEPRECIATION	348,236	305,815	820,592	617,778
Depreciation of hotel and conference centre	(288,316)	(301,642)	(581,223)	(604,21)
Profit from hotel operations	59,920	4,173	239,369	13,568
INVESTMENT ACTIVITIES				
Dividend income	-	6,293	160,381	171,337
Profit on sale / redemption of AFS investments	-	9,900	1,421	9,900
Share of profit of associate	292,050	286,502	585,957	521,502
Net property income	27,712	33,057	56,230	73,371
Interest income	35,832	30,627	72,746	65,902
Net income from travel division	5,492	10,739	8,505	13,276
Other income / (loss)	3,207	(16,142)	(5,003)	(9,844)
Depreciation of investment property	(13,289)	(13,130)	(26,578)	(26,260)
Income from investment activities	351,004	347,846	853,659	819,184
General and administrative expenses	(147,704)	(179,798)	(379,122)	(281,610)
PROFIT FOR THE PERIOD	263,220	172,221	713,906	551,142
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Net change in fair value of available-for-sale investments	674,118	182,699	788,422	142,109
Transfer to income statement on sale of available-for-sale investments	-	(8,800)	-	(8,800)
Transfer to income statement on impairment of available-for-sale investments	240	123	240	123
Share of fair value reserve of associate	(21,619)		(28,733)	12
Total other comprehensive income for the period	652,739	174,427	759,929	146,334
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	915,959	346,648	1,473,835	697,476
Earnings per share of 100 fils for the Period	4.0 fils	2.6 fils	10.9 fils	8.4 fils

Qassim Mohamed Fakhroo
Chairman

Waleed Ahmed Al Khaja
Vice Chairman

Abdulnabi Daylami
Chief Executive Officer

The condensed interim financial information consists of pages 2 to 11.

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2013

Bahraini dinars

2013

(reviewed)

At 1 January 2013

Comprehensive income:

Profit for the period

Other comprehensive income:

Net change in fair value of available-for-sale investments

Amount transferred to income statement on impairment of available-for-sale investments

Share of fair value reserve of associate

Total other comprehensive income for the period

TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

Dividend declared (2012)

Charity donations approved (2012)

Total transactions with owners of the Company

At 30 June 2013

	Share capital	Treasury shares	Statutory reserve	Capital and development reserves	Available-for-sale investments fair value reserve	Retained earnings	Total
At 1 January 2013	7,200,000	(972,295)	3,600,000	12,758,242	2,562,309	5,387,001	30,535,257
Comprehensive income:							
Profit for the period	-	-	-	-	-	713,906	713,906
Other comprehensive income:							
Net change in fair value of available-for-sale investments	-	-	-	-	788,422	-	788,422
Amount transferred to income statement on impairment of available-for-sale investments	-	-	-	-	240	-	240
Share of fair value reserve of associate	-	-	-	-	(28,733)	-	(28,733)
Total other comprehensive income for the period	-	-	-	-	759,929	-	759,929
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	759,929	713,906	1,473,835
Dividend declared (2012)	-	-	-	-	-	(985,090)	(985,090)
Charity donations approved (2012)	-	-	-	-	-	(15,000)	(15,000)
Total transactions with owners of the Company	-	-	-	-	-	(1,000,090)	(1,000,090)
At 30 June 2013	7,200,000	(972,295)	3,600,000	12,758,242	3,322,238	5,100,817	31,009,002

The condensed interim financial information consists of pages 2 to 11.

CONDENSED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2013

Bahraini

dinars

2012 (reviewed)	Share capital	Treasury shares	Statutory reserve	Capital and development reserves	Available-for-sale investments fair value reserve	Retained earnings	Total
At 1 January 2012	7,200,000	(972,295)	3,600,000	12,758,242	2,383,141	4,932,154	29,901,242
Comprehensive income:							
Profit for the period	-	-	-	-	-	551,142	551,142
Other comprehensive income:							
Net change in fair value of available-for-sale investments	-	-	-	-	142,109	-	142,109
Transferred to income statement on sale of available-for-sale investments	-	-	-	-	(8,800)	-	(8,800)
Transferred to income statement on impairment of available-for-sale investments	-	-	-	-	123	-	123
Share in fair value reserve of associate	-	-	-	-	12,902	-	12,902
Total other comprehensive income for the period	-	-	-	-	146,334	-	146,334
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	146,334	551,142	697,476
Dividend declared (2011)	-	-	-	-	-	(788,071)	(788,071)
Charity donations approved (2011)	-	-	-	-	-	(15,000)	(15,000)
Total transactions with owners of the Company	-	-	-	-	-	(803,071)	(803,071)
At 30 June 2012	7,200,000	(972,295)	3,600,000	12,758,242	2,529,475	4,680,225	29,795,647

The condensed interim financial information consists of pages 2 to 11.

CONDENSED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2013

Bahraini dinars

	30 June 2013 (reviewed)	30 June 2012 (reviewed)
OPERATING ACTIVITIES		
Cash received from customers	2,973,706	2,619,009
Rent received	64,784	69,150
Payment to suppliers	(736,057)	(790,664)
Payment for staff salaries and related costs	(1,235,792)	(1,050,668)
Payment for other overhead expenses	(599,181)	(524,177)
Net cash generated from operating activities	467,460	322,650
INVESTING ACTIVITIES		
Interest received	68,801	63,278
Dividend received	607,381	491,337
Other receipts	6,580	4,492
Proceeds from sale / redemption of available-for-sale investments	58,846	12,100
Placement of short-term bank deposits - net	(561,394)	-
Capital expenditure	(371,486)	(732,108)
Net cash used in investing activities	(191,272)	(160,901)
FINANCING ACTIVITIES		
Dividends paid	(900,723)	(711,916)
Net cash used in financing activities	(900,723)	(711,916)
Net decrease in cash and cash equivalents during the period	(624,535)	(550,167)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,017,218	6,769,944
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,392,683	6,219,777
CASH AND CASH EQUIVALENTS comprise:		
Cash and bank balances	1,176,023	816,768
Short-term bank deposits	5,216,660	5,403,009
	6,392,683	6,219,777

The condensed interim financial information consists of pages 2 to 11.

NOTES**to the 30 June 2013 Condensed Interim Financial Information**

Bahraini dinars

1 REPORTING ENTITY

Bahrain Tourism Company BSC (“the Company”) was established pursuant to Amiri Decree 2/1/1974 for the purpose of building and investing in hotels and other tourism projects. The Company's major undertaking is the Crowne Plaza Bahrain Hotel. The Company also owns and operates Bahrain Tourism Company travel division. The Company is a subsidiary of the Social Insurance Organization (the “Parent Company”).

2 BASIS OF PREPARATION

The condensed interim financial information for the six months ended 30 June 2013 has been prepared in accordance with International Financial Reporting Standard IAS 34 - *Interim Financial Reporting*, which permits the condensed interim financial information to be in summarized form. The condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2012.

3 SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information has been prepared using the same accounting policies and methods of computation applied in the preparation of the audited financial statements of the Company for the year ended 31 December 2012, except for the changes arising from adoption of relevant IFRS, amendments and interpretation issued by IASB that are effective for annual reporting periods beginning 1 January 2013. The adoption of these standards did not have a significant impact on the condensed interim financial information.

- 4 The condensed interim financial information is reviewed, not audited. The corresponding figures for the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2012. The corresponding figures for the condensed statements of comprehensive income, changes in equity and cash flows have been extracted from the reviewed condensed interim financial information for the six months ended 30 June 2012.

5 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 2012.

6 SEASONALITY OF OPERATIONS

Due to the nature of Hotel operations, October to April is usually a busy season. Accordingly, the interim financial results may not represent a proportionate share of the annual profits.

7 ESTIMATES

The preparation of condensed interim financial information requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed interim financial information, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended 31 December 2012.

NOTES**to the 30 June 2013 Condensed Interim Financial Information**

Bahraini dinars

- 8 The Shareholders approved the following appropriations for 2012 in their Annual General Meeting held on 27 March 2013 that were effected during the period:

	2013	2012
Dividends	985,090	788,071
Charity donations	15,000	15,000

9 SEGMENTAL INFORMATION FOR OPERATING SEGMENTS

	Hotel Operations		Investments		Travels		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Revenue from external customers	3,031,899	2,547,667	227,857	269,337	46,161	45,961	3,305,917	2,862,965
Income from Associate	-	-	585,957	521,502	-	-	585,957	521,502
Interest income	-	-	72,746	65,902	-	-	72,746	65,902
Total segment revenue	3,031,899	2,547,667	886,560	856,741	46,161	45,961	3,964,620	3,450,369
Operating costs	(2,211,307)	(1,929,889)	(393,710)	(290,562)	(37,656)	(32,685)	(2,642,673)	(2,253,136)
Depreciation	(581,223)	(604,210)	(26,578)	(26,260)	-	-	(607,801)	(630,470)
Impairment of assets	-	-	(240)	(15,621)	-	-	(240)	(15,621)
Total segment costs	(2,792,530)	(2,534,099)	(420,528)	(332,443)	(37,656)	(32,685)	(3,250,714)	(2,899,227)
Segment profit	239,369	13,568	466,032	524,298	8,505	13,276	713,906	551,142
Segment assets	15,159,463	15,025,991	18,400,768	17,603,033	249,782	201,413	33,810,013	32,830,437
Segment liabilities	(952,964)	(950,433)	(1,755,505)	(1,274,527)	(92,542)	(70,220)	(2,801,011)	(2,295,180)
Capital expenditure	(709,941)	(959,803)	-	-	-	-	(709,941)	(959,803)

The comparative figures of segmental revenues, costs and profit are presented for the period ended 30 June 2012, and the comparative figures of segmental assets and liabilities are presented for the year ended 31 December 2012.

10 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Company exercises significant influence, major shareholders, directors and key management personnel of the Company.

11 FAIR VALUE

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.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Except for certain available-for-sale investments carried at cost of BD 354,867 (2012: BD 392,572), the remaining investments are carried at fair value. The Company's other financial assets and liabilities are short term in nature and hence the carrying value approximates fair value at the reporting date.

Fair value hierarchy

The Company measures fair values of financial instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments where the valuation technique includes inputs not based on market observable data.

The table below analyses financial instruments, measured at fair value at reporting date, by level in the fair value hierarchy into which the fair value measurement is categorized:

At 30 June 2013

Available-for-sale financial assets:

Quoted equity shares

Managed funds

	Level 1	Level 2	Level 3	Total
Quoted equity shares	4,023,642	-	-	4,023,642
Managed funds	-	168,519	-	168,519
	4,023,642	168,519	-	4,192,161

At 31 December 2012

Available-for-sale financial assets:

Quoted equity shares

Managed funds

	Level 1	Level 2	Level 3	Total
Quoted equity shares	3,252,342	-	-	3,252,342
Managed funds	-	173,139	-	173,139
	3,252,342	173,139	-	3,425,481

12 Commitments and contingent liabilities

Letter of guarantees

30 June 2013 (reviewed)	30 June 2013 (reviewed)
212,940	212,940