

## BAHRAIN TOURISM COMPANY BSC

### 31 March 2015 CONDENSED INTERIM FINANCIAL INFORMATION

Hotel, property and tourism development and investment

Commercial registration : 1977

Board of Directors : Qassim Mohamed Fakhroo (*Chairman*)  
Hamed Mohd A. K. Al Awadhi (*Vice Chairman*) \*  
Waleed Ahmed Al Khaja  
Adel Hussain Al-Maskati  
Jalal Mohammed Yousuf Jalal  
Reyadh Ahmed Al Mahmeed \*  
Najah Hassan Al Arabi \*  
Jamal Abdulla Mohammad Abulla Almutawa \*

Chief Executive Officer : Abdulnabi Mohammed Daylami

Offices : Crowne Plaza Bahrain, PO Box 5831, Diplomatic Area  
Manama – Kingdom of Bahrain  
Telephone 17530530/17531122, Telefax 17530867  
E-Mail bahtours@batelco.com.bh

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 three months ended 31 March 2015**

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<b>CONTENTS</b>	<b>Page</b>
Independent auditors' report on review of condensed interim financial information	1
<b>Condensed interim financial information</b>	
Condensed statement of financial position	2
Condensed statement of profit or loss and other comprehensive income	3
Condensed statement of changes in equity	4 - 5
Condensed statement of cash flows	6
Notes	7 - 11

## Independent auditors' report on review of condensed interim financial information

To  
The Board of Directors  
Bahrain Tourism Company BSC  
Manama, Kingdom of Bahrain

06 May 2015

### Introduction

We have reviewed the accompanying 31 March 2015 condensed interim financial information of Bahrain Tourism Company BSC (the "Company"), which comprises:

- the condensed statement of financial position as at 31 March 2015;
- the condensed statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2015;
- the condensed statement of changes in equity for the three-month period ended 31 March 2015;
- the condensed statement of cash flows for the three-month period ended 31 March 2015; and
- notes to the 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 31 March 2015 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 31 March 2015**

Bahraini dinars

	<b>31 March 2015 (reviewed)</b>	31 December 2014 (audited)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and bank balances	1,223,742	1,208,523
Short-term bank deposits	6,630,522	5,769,909
Trade receivables	462,855	505,543
Inventory	74,345	76,635
Prepayments and other receivables	292,880	156,754
<b>Total current assets</b>	<b>8,684,344</b>	7,717,364
<b>NON-CURRENT ASSETS</b>		
Available-for-sale investments	4,972,746	4,805,615
Investment in associate company	6,009,425	6,342,464
Investment property	982,953	996,023
Property and equipment	15,858,617	16,060,919
<b>Total non-current assets</b>	<b>27,823,741</b>	28,205,021
<b>TOTAL ASSETS</b>	<b>36,508,085</b>	35,992,385
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade payables	346,483	410,777
Accrued expenses and other payables	647,648	834,910
Dividend Payable	1,289,544	428,817
<b>Total current liabilities</b>	<b>2,283,675</b>	1,674,744
<b>NON-CURRENT LIABILITIES</b>		
Provision for employees' leaving indemnities	491,942	533,587
<b>TOTAL LIABILITIES</b>	<b>2,775,617</b>	2,208,091
<b>TOTAL NET ASSETS</b>	<b>33,732,468</b>	33,714,294
<b>EQUITY</b>		
Share capital	7,200,000	7,200,000
Statutory reserve	3,600,000	3,600,000
Capital and development reserves	12,758,242	12,758,242
Investment fair value reserve	3,913,684	3,715,903
Retained earnings	6,260,542	6,440,149
<b>TOTAL EQUITY (page 4)</b>	<b>33,732,468</b>	33,714,294

Qassim Mohamed Fakhroo  
*Chairman*

Hamed Mohd A. K. Al Awadhi  
*Vice Chairman*

Abdulnabi Daylami  
*Chief Executive Officer*

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 11 on 6 May 2015.

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the three months ended 31 March 2015**

Bahraini dinars

	Note	<b>31 March 2015 (reviewed)</b>	31 March 2014 (reviewed)
<b>HOTEL OPERATIONS</b>			
Revenue		1,729,444	1,699,800
Operating costs		(1,241,031)	(1,238,460)
Depreciation of hotel		(322,274)	(292,168)
<b>Profit from hotel operations</b>		<b>166,139</b>	169,172
<b>INVESTMENT ACTIVITIES</b>			
Dividend income		170,412	160,003
Share of profit of associate		336,615	270,673
Net property income		17,488	20,241
Interest income		22,146	14,308
Net income from travel division		(784)	5,951
Other income		2,700	5,746
<b>Income from investment activities</b>		<b>548,577</b>	476,922
General and administrative expenses	12	(15,323)	(229,989)
<b>PROFIT FOR THE PERIOD</b>		<b>699,393</b>	416,105
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Available-for-sale investments:			
- Net change in fair value		167,434	(104,313)
Share of fair value reserve of associate		30,347	34,500
<b>Total other comprehensive income for the period</b>		<b>197,781</b>	(69,813)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>897,174</b>	346,292
Basic and diluted earnings per share of 100 fils for the period		<b>9.7 Fils</b>	6.3 Fils

Qassim Mohamed Fakhroo  
*Chairman*

Hamed Mohd A. K. Al Awadhi  
*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 three months ended 31 March 2015

Bahraini dinars

<b>2015</b>	<b>Share capital</b>	<b>Statutory reserve</b>	<b>Capital and development reserves</b>	<b>Fair value reserve</b>	<b>Retained earnings</b>	<b>Total</b>
(reviewed)						
Balance at 1 January 2015	7,200,000	3,600,000	12,758,242	3,715,903	6,440,149	33,714,294
<b>Comprehensive income:</b>						
Profit for the period	-	-	-	-	699,393	699,393
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale investments	-	-	-	167,434	-	167,434
Share in fair value reserve of associate	-	-	-	30,347	-	30,347
<b>Total other comprehensive income for the period</b>	-	-	-	197,781	-	197,781
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	-	<b>197,781</b>	<b>699,393</b>	<b>897,174</b>
Charity donations approved for 2014	-	-	-	-	(15,000)	(15,000)
<b>Total transactions with the owners of the Company</b>						
Dividend declared for 2014	-	-	-	-	(864,000)	(864,000)
<b>Balance at 31 March 2015</b>	<b>7,200,000</b>	<b>3,600,000</b>	<b>12,758,242</b>	<b>3,913,684</b>	<b>6,260,542</b>	<b>33,732,468</b>

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

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the three months ended 31 March 2015 (continued)**

Bahraini dinars

2014 (reviewed)	Share capital	Treasury shares	Statutory reserve	Capital and development reserves	Fair value reserve	Retained earnings	Total
Balance at 1 January 2014	7,200,000	(972,295)	3,600,000	12,758,242	3,500,723	5,474,252	31,560,922
Comprehensive income:							
Profit for the period	-	-	-	-	-	416,105	416,105
<i>Other comprehensive income</i>							
Net change in fair value of available-for-sale investments	-	-	-	-	(104,313)	-	(104,313)
Share in fair value reserve of associate	-	-	-	-	34,500	-	34,500
<i>Total other comprehensive income for the period</i>	-	-	-	-	(69,813)	-	(69,813)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	-	-	(69,813)	416,105	346,292
Charity donations approved for 2013	-	-	-	-	-	(15,000)	(15,000)
Total transactions with the owners of the Company							
Dividend declared for 2013	-	-	-	-	-	(985,090)	(985,090)
Balance at 31 March 2014	7,200,000	(972,295)	3,600,000	12,758,242	3,430,910	4,890,267	30,907,124

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

**CONDENSED STATEMENT OF CASH FLOWS**  
**for the three months ended 31 March 2015**

Bahraini dinars

	<b>31 March 2015</b> (reviewed)	31 March 2014 (reviewed)
<b>OPERATING ACTIVITIES</b>		
Cash received from customers	1,779,868	1,642,052
Rent received	22,039	32,010
Payment to suppliers	(586,329)	(500,062)
Payments for staff salaries and related costs	(582,329)	(709,711)
Payments for other overhead expenses	(480,553)	(372,573)
Payments for hotel renovation and new hotel project	(85,498)	(706,235)
<b>Net cash generated from/(used in) operating activities</b>	<b>67,198</b>	<b>(614,519)</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	22,147	15,015
Dividend received	836,057	519,908
Other receipts	3,008	2,574
Proceeds from redemption of available-for-sale investments	-	41,190
Payments for acquisition of property and equipment	(49,305)	(4,265)
<b>Net cash generated from investing activities</b>	<b>811,907</b>	<b>574,422</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(3,273)	(7,938)
Charity paid	-	(2,500)
<b>Net cash used in financing activities</b>	<b>(3,273)</b>	<b>(10,438)</b>
<b>Net increase/(decrease) in cash and cash equivalents during the period</b>	<b>875,832</b>	<b>(50,535)</b>
Cash and cash equivalents at beginning of the period	6,978,432	5,502,433
<b>Cash and cash equivalents at end of the period</b>	<b>7,854,264</b>	<b>5,451,898</b>
<b>CASH AND CASH EQUIVALENTS per statement of financial position:</b>		
Cash and bank balances	1,223,742	978,696
Short-term bank deposits	6,630,522	4,473,202
	<b>7,854,264</b>	<b>5,451,898</b>



**NOTES****to the 31 March 2015 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") and its shares are listed on Bahrain Bourse.

During Q1 2015, the Company received two non-binding offers; one to take over 100% of the shares through a share swap; and the other to merger with another Company. The Company is in the process of considering its options.

**2 BASIS OF PREPARATION**

The condensed interim financial information for the three months ended 31 March 2015 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 2014. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the year ended 31 December 2014.

**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 latest audited financial statements of the Company for the year ended 31 December 2014.

- 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 2014. The corresponding figures 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 for the three months ended 31 March 2014.

**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 2014.

**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 JUDGEMENTS AND 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 2014.

**NOTES****to the 31 March 2015 condensed interim financial information**

Bahraini dinars

- 8 The Shareholders approved the following appropriations for 2014 in their Annual General Meeting held on 31 March 2015 that were effected during the quarter:

	<b>2015</b>	2014
Cash dividends	864,000	985,090
Charity donations	15,000	15,000

**9 SEGMENTAL INFORMATION FOR OPERATING SEGMENTS**

	<b>Hotel Operations</b>		<b>Investments</b>		<b>Travel</b>		<b>Total</b>	
	<b>2015</b>	2014	<b>2015</b>	2014	<b>2015</b>	2014	<b>2015</b>	2014
Revenue from external customers	1,729,444	1,699,800	209,668	202,584	17,657	24,980	1,956,769	1,927,364
Income from associate	-	-	336,615	270,673	-	-	336,615	270,673
Interest income	-	-	22,146	14,308	-	-	22,146	14,308
<b>Total segment revenue</b>	<b>1,729,444</b>	1,699,800	<b>568,429</b>	487,565	<b>17,657</b>	24,980	<b>2,315,530</b>	2,212,345
Operating costs	(1,241,031)	(1,238,460)	(21,321)	(233,513)	(18,440)	(19,029)	(1,280,792)	(1,491,002)
Depreciation	(322,274)	(292,168)	(13,070)	(13,070)	-	-	(335,344)	(305,238)
Impairment of assets	-	-	-	-	-	-	-	-
<b>Total segment costs</b>	<b>(1,563,305)</b>	(1,530,628)	<b>(34,392)</b>	(246,583)	<b>(18,440)</b>	(19,029)	<b>(1,616,137)</b>	(1,796,240)
<b>Segment profit/(loss)</b>	<b>166,139</b>	169,172	<b>534,037</b>	240,982	<b>(784)</b>	5,951	<b>699,393</b>	416,105
Segment assets	<b>16,530,665</b>	16,852,453	<b>19,888,317</b>	18,980,358	<b>89,103</b>	89,819	<b>36,508,085</b>	35,922,385
Segment liabilities	<b>(827,240)</b>	(961,828)	<b>(1,858,804)</b>	(1,155,978)	<b>(89,573)</b>	(90,295)	<b>(2,775,617)</b>	(2,208,091)
Capital expenditure	<b>(119,972)</b>	<b>(783,859)</b>	-	-	-	-	<b>(119,972)</b>	(783,859)

The comparative figures for segmental revenues, costs and profit are presented for the three months ended 31 March 2014, and the comparative figures for segmental assets and liabilities are as of 31 December 2014.

**NOTES****to the 31 March 2015 condensed interim financial information**

Bahraini dinars

**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.

Transactions with entities controlled by directors, or over which they exert significant influence, are conducted on a normal commercial basis. There were capital expenditure payments made to director-controlled entities where the directors were interested.

**a) Transactions and balances with and from related parties**

	<b>31 March 2015</b>	31 March 2014
Social insurance contributions to the parent company	<b>13,912</b>	14,497
Purchases of merchandise from an associate company	<b>24,721</b>	22,455
	<b>31 March 2015</b>	31 December 2014
Payable to parent company	-	8,312
Payable to associate company	<b>10,086</b>	14,212

**b) Transactions and balances from key management personnel**

Key management personnel of the Company comprises of the Board of Directors, the Chief Executive Officer and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:

	<b>31 March 2015 (reviewed)</b>	31 March 2014 (reviewed)
Directors' remuneration	16,000	16,000
Directors Meeting Attendance Fees	6,600	3,200
Salary and other allowances to key management personnel	(41,316)	172,830
<b>Total Compensation</b>	<b>(25,316)</b>	188,830
<b>Receivables</b>	<b>84,380</b>	7,647

Directors' interest in the shares of the Company was as follows:

	<b>31 March 2015 (reviewed)</b>	31 March 2014 (reviewed)
Total number of shares held by Directors	416,150	458,300
As a percentage of the total number of shares outstanding	<b>0.58%</b>	0.70%

**NOTES****to the 31 March 2015 Condensed Interim Financial Information**

Bahraini dinars

**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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Except for certain available-for-sale investments carried at cost of BD 311,200 (2014: BD 314,532), 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.

*a) Financial instruments measured at fair value:*

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

**At 31 March 2015**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Available-for-sale financial assets:				
Quoted equity shares	4,512,565	-	-	4,512,565
Managed funds	-	148,981	-	148,981
	<b>4,512,565</b>	<b>148,981</b>	-	<b>4,661,546</b>

**At 31 March 2014**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Available-for-sale financial assets:				
Quoted equity shares	3,994,233	-	-	3,994,233
Managed funds	-	150,343	-	150,343
	<b>3,994,233</b>	<b>150,343</b>	-	<b>4,144,576</b>

*b) Other financial assets and liabilities:*

The carrying amount of the Company's other financial assets and liabilities approximate their fair values due to their short term nature.

**NOTES**

to the 31 March 2015 Condensed Interim Financial Information

Bahraini dinars

**12 GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>31 March 2015</b>	31 March 2014
Staff cost	43,508	42,689
Net reversal of Bonus	(43,652)	89,515
Net reversal of provision indemnity	(41,313)	37,143
Director Remuneration	16,000	16,000
Professional Fees	8,650	7,650
Share Registration Fees	2,590	10,360
Insurance	11,425	11,079
Other expenses	18,115	15,553
<b>Total</b>	<b>15,324</b>	<b>229,988</b>

**13 COMMITMENTS AND CONTINGENT LIABILITIES**

	<b>31 March 2015 (reviewed)</b>	31 March 2014 (reviewed)
Letter of guarantees	<b>201,352</b>	206,352

As at 31 March 2015, the Company had commitments of BD 1,638,663 (2014: 2,116,840) related to the new hotel project and BD Nil (2014: 73,000) for the hotel renovation.

**14 COMPARATIVES**

Certain prior year amounts have been regrouped to conform to the presentation in the current year. Such regroupings do not affect previously reported comprehensive income for the year or equity.