

BAHRAIN TOURISM COMPANY BSC
CONDENSED INTERIM FINANCIAL
INFORMATION
30 September 2012

Hotel, property and tourism development and investment

Commercial registration : 1977

Board of Directors : Qassim Mohamed Fakhroo (*Chairman*)
Waleed Ahmed Al Khaja (*Vice Chairman*)*
Thabia Abdulla Jasim Abdulla Al-Mannai*
Adel Hussain Al-Maskati
Jalal Mohammed Yousuf Jalal
Anwar Abdulla Ghuloom*
Hala Ali Yateem
Abdulla Mohammed Turki AlMahmood*

Chief Executive Officer : Abdulnabi Daylami

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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 nine months ended 30 September 2012

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Independent auditors' report on review of Interim Financial Information

To
The Board of Directors
Bahrain Tourism Company BSC

7 November 2012

Introduction

We have reviewed the accompanying condensed statement of financial position of Bahrain Tourism Company BSC (the "Company") as at 30 September 2012, the condensed statements of comprehensive income, changes in equity and cash flows for the nine month period then ended, and explanatory notes (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 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 September 2012

Bahraini dinars

	30 September 2012 (reviewed)	31 December 2011 (audited)
CURRENT ASSETS		
Cash and bank balances	725,967	810,608
Short-term bank deposits	6,172,132	5,959,336
Trade receivables	374,824	464,091
Inventory	65,857	79,662
Prepayments and other receivables	235,017	250,290
Total current assets	7,573,797	7,563,987
NON-CURRENT ASSETS		
Available-for-sale investments	3,885,977	3,735,545
Investment in associate company	5,069,391	4,782,071
Investment property	1,111,089	1,150,478
Property and equipment	14,721,510	14,800,103
Total non-current assets	24,787,967	24,468,197
TOTAL ASSETS	32,361,764	32,032,184
CURRENT LIABILITIES		
Trade payables	525,858	843,515
Accrued expenses and other payables	973,491	649,769
Dividend payable	370,528	340,272
Total current liabilities	1,869,877	1,833,556
NON-CURRENT LIABILITIES		
Provision for employees' leaving indemnity	347,191	297,386
TOTAL LIABILITIES	2,217,068	2,130,942
TOTAL NET ASSETS	30,144,696	29,901,242
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
Investments fair value reserve	2,636,986	2,383,141
Retained earnings	4,921,763	4,932,154
TOTAL EQUITY	30,144,696	29,901,242

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 9 on 7 November 2012.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the nine months ended 30 September 2012

Bahraini dinars

	Three months ended 30 September 2012 (Reviewed)	Three months ended 30 September 2011 (Reviewed)	Nine months ended 30 September 2012 (Reviewed)	Nine months ended 30 September 2011 (Reviewed)
HOTEL OPERATIONS				
Revenue	1,143,758	1,026,892	3,691,425	3,123,732
Operating costs	(967,417)	(881,590)	(2,897,306)	(2,641,413)
PROFIT BEFORE DEPRECIATION	176,341	145,302	794,119	482,319
Depreciation of hotel and conference center	(302,346)	(275,045)	(906,556)	(833,993)
Loss from hotel operations	(126,005)	(129,743)	(112,437)	(351,674)
INVESTMENT ACTIVITIES				
Dividend income	100,941	104,981	272,278	278,424
Profit on sale of AFS investments	57,583	-	67,483	1,883
Share of profit of associate	249,398	209,651	770,900	681,332
Property income	29,821	44,832	103,192	149,301
Interest income	32,652	37,712	98,554	116,435
Other income	6,533	512	25,586	9,510
Depreciation of investment property	(13,130)	(13,130)	(39,390)	(39,390)
Provision for impairment on available for sale investments	(404)	(3,358)	(16,025)	(6,897)
Profit from investment activities	463,394	381,200	1,282,578	1,190,598
TOTAL NET INCOME	337,389	251,457	1,170,141	838,924
General and administrative expenses	(95,851)	(85,064)	(377,461)	(355,513)
PROFIT FOR THE PERIOD	241,538	166,393	792,680	483,411
Other comprehensive income				
Fair value reserve (Available for sale investments):				
Net change in fair value	117,922	(129,636)	260,031	(266,074)
Transfer to income statement on sale	(54,333)	-	(63,133)	-
Transfer to income statement on impairment	404	3,358	527	6,897
Share in fair value reserve of associate	43,518	(30,148)	56,420	(52,589)
Transfer to income statement from fair value reserve of associate	-	10,413	-	10,413
Total other comprehensive income for the period	107,511	(146,013)	253,845	(301,353)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	349,049	20,380	1,046,525	182,058
Earnings per share of 100 fils for the period	3.7 fils	2.5 fils	12.1 fils	7.4 fils

Qassim Mohamed Fakhro
Chairman

Waleed Ahmed Al Khaja
Vice Chairman

Abdulnabi Daylami
Chief Executive Officer

The condensed interim financial information consists of pages 2 to 9.

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2012

Bahraini dinars

2012

(reviewed)

At 1 January 2012

Comprehensive income:

Profit for the period

Other comprehensive income

Fair value reserve (Available for sale investments):

Net change in fair value

Amount transferred to income statement on sale

Amount transferred to income statement on
impairment

Share in fair value reserve of associate

**Total other comprehensive income for the
period****TOTAL COMPREHENSIVE INCOME FOR THE
PERIOD**

Dividend declared (2011)

Charity donations approved (2011)

**Total transactions with the owners of the
Company**

At 30 September 2012

	Share capital	Treasury shares	Statutory reserve	Capital and development reserves	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						792,680	792,680
Other comprehensive income							
Fair value reserve (Available for sale investments):							
Net change in fair value	-	-	-	-	260,031	-	260,031
Amount transferred to income statement on sale	-	-	-	-	(63,133)	-	(63,133)
Amount transferred to income statement on impairment	-	-	-	-	527	-	527
Share in fair value reserve of associate	-	-	-	-	56,420	-	56,420
Total other comprehensive income for the period	-	-	-	-	253,845	792,680	1,046,525
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7,200,000	(972,295)	3,600,000	12,758,242	2,636,986	5,724,834	30,947,767
Dividend declared (2011)	-	-	-	-	-	(788,071)	(788,071)
Charity donations approved (2011)	-	-	-	-	-	(15,000)	(15,000)
Total transactions with the owners of the Company	-	-	-	-	-	(803,071)	(803,071)
At 30 September 2012	7,200,000	(972,295)	3,600,000	12,758,242	2,636,986	4,921,763	30,144,696

The condensed interim financial information consists of pages 2 to 9.

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2012

Bahraini dinars

2011 (reviewed)	Share capital	Treasury shares	Statutory reserve	Capital and development reserves	Fair value reserve	Retained earnings	Total
At 1 January	7,200,000	(972,295)	3,600,000	5,371,637	2,607,214	12,715,058	30,521,614
Comprehensive income:							
Profit for the period	-	-	-	-	-	483,411	483,411
Other comprehensive income							
Fair value reserve (Available for sale investments):							
Net change in fair value	-	-	-	-	(266,074)	-	(266,074)
Net amount transferred to income statement	-	-	-	-	6,897	-	6,897
Share in fair value reserve of associate	-	-	-	-	(52,589)	-	(52,589)
Transfer to income statement from fair value reserve of associate	-	-	-	-	10,413	-	10,413
Total other comprehensive income for the period	-	-	-	-	(301,353)	-	(301,353)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	(301,353)	483,411	182,058
Dividend declared (2010)	-	-	-	-	-	(1,313,453)	(1,313,453)
Charity donations approved (2010)	-	-	-	-	-	(15,000)	(15,000)
Transfer to capital development reserves	-	-	-	7,386,605	-	(7,386,605)	-
At 30 September 2011	7,200,000	(972,295)	3,600,000	12,758,242	2,305,861	4,483,411	29,375,219

CONDENSED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2012

Bahraini dinars

	30 September 2012 (reviewed)	30 September 2011 (reviewed)
OPERATING ACTIVITIES		
Cash received from customers	3,790,973	3,261,461
Rent received	92,910	154,211
Payment to suppliers	(903,692)	(782,511)
Staff salaries and related costs	(922,293)	(714,547)
Other overhead expenses	(1,364,575)	(1,765,966)
Net cash generated from operating activities	693,323	152,648
INVESTING ACTIVITIES		
Interest received	80,641	124,342
Dividend received	812,278	658,424
Capital expenditure	(820,179)	(2,686,391)
Purchase of available-for-sale investments	-	(30,405)
Proceeds from sale / redemption of available-for-sale investments	99,401	11,845
Disposal of property and equipment	-	1,100
Other receipts	20,506	9,740
Net cash generated from (used in) investing activities	192,647	(1,911,345)
FINANCING ACTIVITIES		
Dividends paid	(757,815)	(1,264,962)
Charity paid	-	(7,500)
Net cash used in financing activities	(757,815)	(1,272,462)
Net increase / (decrease) in cash and cash equivalents	128,155	(3,031,159)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	6,769,944	9,540,408
CASH AND CASH EQUIVALENTS AT 30 September	6,898,099	6,509,249
CASH AND CASH EQUIVALENTS per statement of financial position:		
Cash and bank balances	725,967	847,292
Short-term bank deposits	6,172,132	5,661,957
	6,898,099	6,509,249

The condensed interim financial information consists of pages 2 to 9.

NOTES**to the 30 September 2012 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, although investments in property, shares, managed funds and deposits and other activities now contribute significantly to profits. The Company also owns and operates Bahrain Tourism Company travel division. The Company is a subsidiary of the Social Insurance Organization, which was formed by the merger of the "assets and liabilities" of General Organization for Social Insurance ("GOSI") and Pension Fund Commission ("PFC"), which were major shareholders (holding more than 5% of the outstanding shares) of the Company prior to the merger.

2 BASIS OF PREPARATION

The condensed interim financial information for the nine months ended 30 September 2012 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 2011.

3 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 2011. There are no new IFRSs or IFRICs that are effective for the first time for this interim period that would be expected to have a material impact on the Company.

4 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 2011.

5 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.

6 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 2011.

7 The corresponding figures for the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2011. The corresponding figures for the condensed statements of comprehensive income, changes in equity and cash flows have been extracted from the reviewed condensed financial information for the nine months ended 30 September 2011.

8 The condensed interim financial information is reviewed, not audited.

NOTES**to the 30 September 2012 Condensed Interim Financial Information**

Bahraini dinars

- 9 The Shareholders approved the following appropriations for 2011 in their Annual General Meeting held on 28 March 2012 that were effected during the period:

	2012	2011
Transfer to Capital and Development reserve from retained earnings	-	7,386,605
Dividends	788,071	1,313,453
Charity donations	15,000	15,000

- 10 Segmental information for operating segments:

	Hotel Operations		Investments		Travel		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenue from external customers	3,691,425	3,123,732	468,258	445,572	15,035	5,960	4,174,718	3,575,264
Income from Associate	-	-	770,900	681,332	-	-	770,900	681,332
Interest income	-	-	98,554	116,435	-	-	98,554	116,435
Total segment revenue	3,691,425	3,123,732	1,337,712	1,243,339	15,035	5,960	5,044,172	4,373,031
Operating costs	(2,897,306)	(2,641,413)	(392,215)	(367,927)	-	-	(3,289,521)	(3,009,340)
Depreciation	(906,556)	(833,993)	(39,390)	(39,390)	-	-	(945,946)	(873,383)
Impairment of assets	-	-	(16,025)	(6,897)	-	-	(16,025)	(6,897)
Total segment costs	(3,803,862)	(3,475,406)	(447,630)	(414,214)	-	-	(4,251,492)	(3,889,620)
Segment (loss)/profit	(112,437)	(351,674)	890,082	829,125	15,035	5,960	792,680	483,411
Segment assets	15,104,756	15,116,490	17,024,645	16,707,090	232,363	208,604	32,361,764	32,032,184
Segment liabilities	(902,460)	(900,510)	(1,238,020)	(1,184,630)	(76,588)	(45,802)	(2,217,068)	(2,130,942)
Capital expenditure	(827,963)	(2,492,413)	-	-	-	-	(827,963)	(2,492,413)

The comparative figures of segmental revenues, costs and profit are presented for the period ended 30 September 2011, and the comparative figures of segmental assets and liabilities are presented for the year ended 31 December 2011.

NOTES**to the 30 September 2012 Condensed Interim Financial Information**

Bahraini dinars

11 Related party transactions

Transactions with 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:

	30 September 2012 (reviewed)	30 September 2011 (reviewed)
Compensation		
Directors' remuneration	45,000	48,000
Salary and other allowances to key management personnel	235,113	234,671
Total compensation	280,113	282,671

Entities in which directors are interested

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.

Transactions and balances with them are as follows:

	30 September 2012 (reviewed)	30 September 2011 (reviewed)
Capital expenditure payments to director-controlled entities	155,250	Nil

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

	30 September 2012 (reviewed)	31 December 2011 (audited)
Total number of shares held by Directors	458,300	458,300
As a percentage of the total number of shares outstanding	0.70%	0.70%

12 Commitments and contingent liabilities

	30 September 2012 (reviewed)	31 December 2011 (audited)
Letter of guarantees	212,940	212,940