

BAHRAIN TOURISM COMPANY BSC
CONDENSED INTERIM FINANCIAL
INFORMATION
30 September 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 Mohammed Daylami

Offices : Crowne Plaza, PO Box 5831, Diplomatic Area
Manama – Kingdom of Bahrain
Telephone 17530530/17531122, Telefax 17530867
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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 2013

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Independent auditors' report on review of interim financial information

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

6 November 2013

Introduction

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

- the condensed statement of financial position as at 30 September 2013;
- the condensed statements of comprehensive income for the three month and nine month periods ended 30 September 2013;
- the condensed statement of changes in equity for the nine month period ended 30 September 2013;
- the condensed statement of cash flows for the nine month period ended 30 September 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 September 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 September 2013

Bahraini dinars

	30 September 2013 (reviewed)	31 December 2012 (audited)
CURRENT ASSETS		
Cash and bank balances	1,091,580	796,661
Short-term bank deposits	5,442,706	6,422,837
Trade receivables	523,812	452,300
Inventory	64,875	68,787
Prepayments and other receivables	368,098	210,326
Total current assets	7,491,071	7,950,911
NON-CURRENT ASSETS		
Available-for-sale investments	4,551,236	3,818,053
Investment in associate company	5,511,026	5,409,084
Investment property	1,061,405	1,101,151
Property and equipment	15,386,881	14,551,238
Total non-current assets	26,510,548	24,879,526
TOTAL ASSETS	34,001,619	32,830,437
CURRENT LIABILITIES		
Trade payables	963,629	555,312
Dividend payable	415,709	353,128
Accrued expenses and other payables	1,014,688	1,025,942
Total current liabilities	2,394,026	1,934,382
NON-CURRENT LIABILITIES		
Provision for employees' leaving indemnity	423,514	360,798
TOTAL LIABILITIES	2,817,540	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	3,376,881	2,562,309
Retained earnings	5,221,251	5,387,001
TOTAL EQUITY (page 4)	31,184,079	30,535,257
TOTAL LIABILITIES AND EQUITY	34,001,619	32,830,437

Qassim Mohamed Fakhroo
Chairman

Waleed Ahmed Al Khaja
Vice Chairman

Abdulnabi Mohammed Daylami
Chief Executive Officer

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 11 on 6 November 2013.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the nine months ended 30 September 2013

Bahraini dinars

	Three months ended 30 September 2013 (Reviewed)	Three months ended 30 September 2012 (Reviewed)	Nine months ended 30 September 2013 (Reviewed)	Nine months ended 30 September 2012 (Reviewed)
HOTEL OPERATIONS				
Revenue	1,192,505	1,143,758	4,224,404	3,691,425
Operating costs	(1,032,946)	(967,417)	(3,244,253)	(2,897,306)
PROFIT BEFORE DEPRECIATION	159,559	176,341	980,151	794,119
Depreciation of hotel and conference centre	(295,308)	(302,346)	(876,531)	(906,556)
Profit / (loss) from hotel operations	(135,749)	(126,005)	103,620	(112,437)
INVESTMENT ACTIVITIES				
Dividend income	99,474	100,941	259,855	272,278
Profit / (loss) on sale / redemption of AFS investments	(50)	57,583	1,371	67,483
Share of profit of associate	228,594	249,398	814,551	770,900
Net property income	31,565	29,821	87,795	103,192
Interest income	29,983	32,652	102,729	98,554
Net income from travel division	2,361	1,759	10,866	15,035
Other (expense) / income	1,367	4,774	(3,396)	10,551
Depreciation of investment property	(13,168)	(13,130)	(39,746)	(39,390)
Provision for impairment on AFS investments	-	(404)	(240)	(16,025)
Income from investment activities	380,126	463,394	1,233,785	1,282,578
General and administrative expenses	(123,943)	(95,851)	(503,065)	(377,461)
PROFIT FOR THE PERIOD	120,434	241,538	834,340	792,680
Other comprehensive income Items that may be reclassified subsequently to profit or loss:				
Available-for-sale investments:				
- Net change in fair value	41,519	117,922	829,941	260,031
- Transfer to income statement on sale	-	(54,333)	-	(63,133)
- Transfer to income statement on impairment	-	404	240	527
Share in fair value reserve of associate	13,124	43,518	(15,609)	56,420
Total other comprehensive income for the period	54,643	107,511	814,572	253,845
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	175,077	349,049	1,648,912	1,046,525
Earnings per share of 100 fils for the period	1.83 fils	3.7 fils	12.7 fils	12.1 fils

Qassim Mohamed Fakhro
Chairman

Waleed Ahmed Al Khaja
Vice Chairman

Abdulnabi Mohammed Daylami
Chief Executive Officer

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2013

Bahraini dinars

2013	Share capital	Treasury shares	Statutory reserve	Capital and development reserves	Fair value reserve	Retained earnings	Total
(reviewed)							
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						834,340	834,340
Other comprehensive income							
Net change in fair value of available-for-sale investments	-	-	-	-	829,941	-	829,941
Amount transferred to income statement on sale of available-for-sale investments	-	-	-	-	-	-	-
Amount transferred to income statement on impairment of available-for-sale investments	-	-	-	-	240	-	240
Share in fair value reserve changes of associate	-	-	-	-	(15,609)	-	(15,609)
Total other comprehensive income for the period	-	-	-	-	814,572	-	814,572
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	814,572	834,340	1,648,912
Charity donations approved (2012)	-	-	-	-	-	(15,000)	(15,000)
Transactions with the owners of the Company							
Dividend declared (2012)	-	-	-	-	-	(985,090)	(985,090)
At 30 September 2013	7,200,000	(972,295)	3,600,000	12,758,242	3,376,881	5,221,251	31,184,079

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2013

Bahraini dinars

2012 (reviewed)	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							
Net change in fair value of available-for-sale investments	-	-	-	-	260,031	-	260,031
Amount transferred to income statement on sale of available-for-sale investments	-	-	-	-	(63,133)	-	(63,133)
Amount transferred to income statement on impairment of available-for-sale investments	-	-	-	-	527	-	527
Share in fair value reserve changes of associate	-	-	-	-	56,420	-	56,420
Total other comprehensive income for the period	-	-	-	-	253,845	-	253,845
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	253,845	792,680	1,046,525
Charity donations approved (2011)	-	-	-	-	-	(15,000)	(15,000)
Transactions with the owners of the Company							
Dividend declared (2011)	-	-	-	-	-	(788,071)	(788,071)
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 11.

CONDENSED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2013

Bahraini dinars

	Nine months ended 30 September 2013 (reviewed)	Nine months ended 30 September 2012 (reviewed)
OPERATING ACTIVITIES		
Cash received from customers	4,200,762	3,852,998
Rent received	103,203	92,910
Payment to suppliers	(1,066,282)	(903,692)
Payment for staff salaries and related costs	(1,782,860)	(1,557,743)
Payment for other overhead expenses	(853,232)	(776,115)
Net cash generated from operating activities	601,591	708,358
INVESTING ACTIVITIES		
Interest received	96,002	80,641
Dividend received	955,668	812,278
Other receipts	7,471	5,471
Proceeds from sale / redemption of available-for-sale investments	96,496	99,401
Placement of short-term bank deposits – net	(561,394)	-
Capital expenditure	(1,519,931)	(820,179)
Net cash (used in) / generated from investing activities	(925,688)	177,612
FINANCING ACTIVITIES		
Dividends paid	(922,509)	(757,815)
Net cash used in financing activities	(922,509)	(757,815)
Net (decrease) / increase in cash and cash equivalents during the period	(1,246,606)	128,155
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,017,218	6,769,944
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5,770,612	6,898,099
CASH AND CASH EQUIVALENTS comprise:		
Cash and bank balances	1,091,580	725,967
Short-term bank deposits	4,679,032	6,172,132
	5,770,612	6,898,099

NOTES**to the 30 September 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") and its shares are listed on the Bahrain Stock Exchange.

2 BASIS OF PREPARATION

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

NOTES**to the 30 September 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		Travel		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Revenue from external customers	4,224,404	3,691,425	364,542	468,258	63,278	62,025	4,652,224	4,221,708
Income from Associate	-	-	814,551	770,900	-	-	814,551	770,900
Interest income	-	-	102,729	98,554	-	-	102,729	98,554
Total segment revenue	4,224,404	3,691,425	1,281,822	1,337,712	63,278	62,025	5,569,504	5,091,162
Operating costs	(3,244,253)	(2,897,306)	(521,982)	(392,215)	(52,412)	(46,990)	(3,818,647)	(3,336,511)
Depreciation	(876,531)	(906,556)	(39,746)	(39,390)	-	-	(916,277)	(945,946)
Impairment of assets	-	-	(240)	(16,025)	-	-	(240)	(16,025)
Total segment costs	(4,120,784)	(3,803,862)	(561,968)	(447,630)	(52,412)	(46,990)	(4,735,164)	(4,298,482)
Segment profit / (loss)	103,620	(112,437)	719,854	890,082	10,866	15,035	834,340	792,680
Segment assets	15,861,790	15,025,991	17,876,518	17,603,033	263,311	201,413	34,001,619	32,830,437
Segment liabilities	(912,848)	(950,433)	(1,790,589)	(1,274,527)	(114,103)	(70,220)	(2,817,540)	(2,295,180)
Capital expenditure	(1,712,174)	(959,803)	-	-	-	-	(1,712,174)	(959,803)

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

NOTES**to the 30 September 2013 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 with related parties

	30 September 2013	30 September 2012
Purchases of merchandise from an associate company	56,027	53,900
Capital expenditure payments to director-controlled entities	52,917	155,250
	30 September 2013	31 December 2012
Payable	15,129	12,223

b) 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 2013 (reviewed)	30 September 2012 (reviewed)
Compensation		
Directors' remuneration	45,000	45,000
Salary and other allowances to key management personnel	345,922	235,113
Total compensation	390,922	280,113

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

	30 September 2013 (reviewed)	31 December 2012 (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%

NOTES**to the 30 September 2013 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.

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 317,168 (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 September 2013

Available-for-sale financial assets:

Quoted equity shares

Managed funds

	Level 1	Level 2	Level 3	Total
Quoted equity shares	4,058,235	-	-	4,058,235
Managed funds	-	175,833	-	175,833
	4,058,235	175,833	-	4,234,068

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

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

Bahraini dinars

12 COMMITMENTS AND CONTINGENT LIABILITIES

Letter of guarantees

30 September 2013 (reviewed)	30 September 2012 (reviewed)
212,940	212,940