

## BAHRAIN TOURISM COMPANY BSC

### 31 March 2016 CONDENSED INTERIM FINANCIAL INFORMATION

Hotel, property and tourism development and investment

Commercial registration : 1977

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

Chief Executive Officer : Abdullatif Khalfan

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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 three months ended 31 March 2016**

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

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

4 May 2016

### Introduction

We have reviewed the accompanying 31 March 2016 condensed interim financial information of Bahrain Tourism Company BSC (the "Company"), which comprises:

- the condensed statement of financial position as at 31 March 2016;
- the condensed statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2016;
- the condensed statement of changes in equity for the three-month period ended 31 March 2016;
- the condensed statement of cash flows for the three-month period ended 31 March 2016; 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 2016 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 2016

Bahraini dinars

	Note	31 March 2016 (reviewed)	31 December 2015 (audited)
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and bank balances		2,053,807	1,204,820
Short-term bank deposits		7,291,663	6,646,216
Trade receivables		360,444	428,599
Inventory		84,194	92,269
Prepayments and other receivables		339,575	201,404
<b>Total current assets</b>		<b>10,129,683</b>	<b>8,573,308</b>
<b>NON-CURRENT ASSETS</b>			
Available-for-sale investments	8	4,678,337	5,246,590
Investment in associate company	9	6,488,541	6,995,089
Investment property		937,003	949,964
Property and equipment		15,655,806	15,927,566
<b>Total non-current assets</b>		<b>27,759,687</b>	<b>29,119,209</b>
<b>TOTAL ASSETS</b>		<b>37,889,370</b>	<b>37,692,517</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables		396,365	445,849
Accrued expenses and other payables		874,854	838,808
Dividend Payable		1,603,777	400,042
<b>Total current liabilities</b>		<b>2,874,996</b>	<b>1,684,699</b>
<b>NON-CURRENT LIABILITIES</b>			
Provision for employees' leaving indemnities		493,010	508,002
<b>TOTAL LIABILITIES</b>		<b>3,368,006</b>	<b>2,192,701</b>
<b>TOTAL NET ASSETS</b>		<b>34,521,364</b>	<b>35,499,816</b>
<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		3,659,145	4,243,606
Retained earnings		7,303,977	7,697,968
<b>TOTAL EQUITY (page 4)</b>		<b>34,521,364</b>	<b>35,499,816</b>

  
Hamed Mohd A. K. Al Awadhi  
Chairman

  
Adel Hussain Al-Maskati  
Vice Chairman

  
Abdullatif Khalfan  
Chief Executive Officer

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 12 on 4 May, 2016.

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the three months ended 31 March 2016**

Bahraini dinars

	Note	31 March 2016 (reviewed)	31 March 2015 (reviewed)
<b>HOTEL OPERATIONS</b>			
Revenue		1,828,863	1,729,444
Operating costs		(1,302,079)	(1,241,031)
Depreciation of hotel		(311,658)	(322,274)
<b>Profit from hotel operations</b>		<b>215,126</b>	<b>166,139</b>
<b>INVESTMENT ACTIVITIES</b>			
Dividend income		188,734	170,412
Share of profit of associate		535,134	336,615
Net property income		23,388	17,488
Interest income		27,252	22,146
Net income from travel division		(4,302)	(784)
Other income		9,824	2,700
Provision for impairment of AFS investments		(25,000)	-
Provision for impairment of receivables		(2,700)	-
<b>Income from investment activities</b>		<b>752,330</b>	<b>548,577</b>
General and administrative expenses	10	(122,447)	(15,323)
<b>PROFIT FOR THE PERIOD</b>		<b>845,009</b>	<b>699,393</b>
<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		(542,779)	167,434
Share of fair value reserve of associate		(41,682)	30,347
<b>Total other comprehensive income for the period</b>		<b>(584,461)</b>	<b>197,781</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>260,548</b>	<b>897,174</b>
Basic and diluted earnings per share of 100 fils for the period		<b>11.7 Fils</b>	<b>9.7 Fils</b>

Hamed Mohd A. K. Al Awadhi  
Chairman

Adel Hussain Al-Maskati  
Vice Chairman

Abdullatif Khalfan  
Chief Executive Officer

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the three months ended 31 March 2016**

Bahraini dinars

2016 (reviewed)	Share capital	Statutory reserve	Capital and development reserves	Fair value reserve	Retained earnings	Total
Balance at 1 January 2016	7,200,000	3,600,000	12,758,242	4,243,606	7,697,968	35,499,816
<b>Comprehensive income:</b>						
Profit for the period	-	-	-	-	845,009	845,009
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale investments	-	-	-	(542,779)	-	(542,779)
Share in fair value reserve of associate	-	-	-	(41,682)	-	(41,682)
<b>Total other comprehensive income for the period</b>				(584,461)	-	(584,461)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>				(584,461)	845,009	260,548
Charity donations approved for 2015	-	-	-	-	(15,000)	(15,000)
<b>Total transactions with the owners of the Company</b>						
Dividend declared for 2015	-	-	-	-	(1,224,000)	(1,224,000)
<b>Balance at 31 March 2016</b>	<b>7,200,000</b>	<b>3,600,000</b>	<b>12,758,242</b>	<b>3,659,145</b>	<b>7,303,977</b>	<b>34,521,364</b>

The condensed interim financial information consists of pages 2 to 12.

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the three months ended 31 March 2016 (continued)**

Bahraini dinars

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

The condensed interim financial information consists of pages 2 to 12.

**CONDENSED STATEMENT OF CASH FLOWS**  
**for the three months ended 31 March 2016**

Bahraini dinars

	<b>31 March 2016 (reviewed)</b>	<b>31 March 2015 (reviewed)</b>
<b>OPERATING ACTIVITIES</b>		
Cash received from customers	1,877,068	1,779,868
Rent received	51,996	22,039
Payment to suppliers	(297,518)	(586,329)
Payments for staff salaries and related costs	(753,509)	(582,329)
Payments for other overhead expenses	(432,936)	(480,553)
Payments for hotel renovation and new hotel project	(80,548)	(85,498)
<b>Net cash generated from operating activities</b>	<b>364,553</b>	<b>67,198</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	22,333	22,147
Dividend received	1,154,614	836,057
Other receipts	10,299	3,008
Payments for acquisition of property and equipment	(29,600)	(49,305)
<b>Net cash generated from investing activities</b>	<b>1,157,646</b>	<b>811,907</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(20,265)	(3,273)
Charity paid	(7,500)	-
<b>Net cash used in financing activities</b>	<b>(27,765)</b>	<b>(3,273)</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>1,494,434</b>	<b>875,832</b>
Cash and cash equivalents at beginning of the period	7,851,036	6,978,432
<b>Cash and cash equivalents at end of the period</b>	<b>9,345,470</b>	<b>7,854,264</b>
<b>CASH AND CASH EQUIVALENTS per statement of financial position:</b>		
Cash and bank balances	2,053,807	1,223,742
Short-term bank deposits	7,291,663	6,630,522
	<b>9,345,470</b>	<b>7,854,264</b>

The condensed interim financial information consists of pages 2 to 12.



**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 the quarter, the Company received two non-binding offers; one from Gulf Hotel Group to swap its shares for the shares of the Company; and another from Al Jazeera Tourism Group for a merger. Subsequently, the shareholders have voted overwhelmingly to accept the Gulf Hotel Group offer.

**2 BASIS OF PREPARATION**

The condensed interim financial information for the three months ended 31 March 2016 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 2015. 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 2015.

**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 2015.

- 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 2015. 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 2015.

**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 2015.

**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 2015.

## NOTES

to the 31 March 2016 condensed interim financial information

Bahraini dinars

**8 AVAILABLE-FOR-SALE INVESTMENTS**

	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Equities</b>		
Quoted at fair value	4,331,930	4,860,909
Unquoted at cost less impairment	210,800	235,800
	<b>4,542,730</b>	<b>5,096,709</b>
<b>Managed funds</b>		
At fair value	135,207	149,481
At cost	400	400
	<b>135,607</b>	<b>149,881</b>
	<b>4,678,337</b>	<b>5,246,590</b>

**9 INVESTMENT IN ASSOCIATE COMPANY**

	<b>31 March 2016</b>	<b>31 December 2015</b>
Balance at the beginning of the period	6,995,089	6,342,462
Profit for the period	535,134	1,635,550
Share in the movement of investments fair value reserve of associate	(41,682)	17,077
Dividend received	(1,000,000)	(1,000,000)
Balance at the end of the period / year	<b>6,488,541</b>	<b>6,995,089</b>

**10 GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>31 March 2016</b>	<b>31 March 2015</b>
Staff cost	43,577	44,479
Net reversal of provision for staff Bonus	-	(43,652)
Net reversal of provision for staff indemnity	-	(41,313)
Director Remuneration and Meeting fees	45,999	22,600
Professional Fees	9,900	8,650
Share Registration Fees	2,590	2,590
Insurance	9,966	11,425
Other expenses	10,415	10,544
<b>Total</b>	<b>122,447</b>	<b>15,323</b>

**11 APPROPRIATIONS**

The Shareholders approved the following appropriations for 2015 in their Annual General Meeting held on 30 March 2016 that were effected during the quarter:

	<b>2016</b>	<b>2015</b>
Cash dividends	1,224,000	864,000
Charity donations	15,000	15,000

## NOTES

to the 31 March 2016 condensed interim financial information

Bahraini dinars

## 12 SEGMENTAL INFORMATION FOR OPERATING SEGMENTS

	Hotel Operations		Investments		Travel		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	1,828,863	1,729,444	238,527	209,668	7,550	17,657	2,074,940	1,956,769
Income from associate	-	-	535,134	336,615	-	-	535,134	336,615
Interest income	-	-	27,252	22,146	-	-	27,252	22,146
<b>Total segment revenue</b>	<b>1,828,863</b>	<b>1,729,444</b>	<b>800,913</b>	<b>568,429</b>	<b>7,550</b>	<b>17,657</b>	<b>2,637,326</b>	<b>2,315,530</b>
Operating costs	(1,302,079)	(1,241,031)	(126,068)	(21,321)	(11,852)	(18,441)	(1,439,999)	(1,280,793)
Depreciation	(311,658)	(322,274)	(12,960)	(13,070)	-	-	(324,618)	(335,344)
Impairment of assets	-	-	(27,700)	-	-	-	(27,700)	-
<b>Total segment costs</b>	<b>(1,613,737)</b>	<b>(1,563,305)</b>	<b>(166,728)</b>	<b>(34,391)</b>	<b>(11,852)</b>	<b>(18,441)</b>	<b>(1,792,317)</b>	<b>(1,616,137)</b>
<b>Segment profit/(loss)</b>	<b>215,126</b>	<b>166,139</b>	<b>634,185</b>	<b>534,037</b>	<b>(4,302)</b>	<b>(784)</b>	<b>845,009</b>	<b>699,393</b>
Segment assets	<b>16,635,723</b>	16,691,211	<b>21,223,778</b>	20,942,294	<b>29,869</b>	59,012	<b>37,889,370</b>	37,692,517
Segment liabilities	<b>(1,207,374)</b>	(1,027,511)	<b>(2,130,425)</b>	(1,105,708)	<b>(30,207)</b>	(59,482)	<b>(3,368,006)</b>	(2,192,701)
Capital expenditure	<b>(110,148)</b>	(119,972)	-	-	-	-	<b>(110,148)</b>	(119,972)

The comparative figures for segmental revenues, costs and profit are presented for the three months ended 31 March 2015, and the comparative figures for segmental assets and liabilities are as of 31 December 2015.

## NOTES

to the 31 March 2016 Condensed Interim Financial Information

Bahraini dinars

## 13 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

	31 March 2016	31 March 2015
Social insurance contributions to the parent company	11,901	13,912
Purchases of merchandise from an associate company	31,786	24,721
	31 March 2016	31 December 2015
Payable to parent company	9,273	8,189
Payable to associate company	14,816	15,324

## 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:

	31 March 2016	31 March 2015
Directors' remuneration	30,000	16,000
Directors' Meeting's Attendance Fees	16,000	6,600
Salary and other allowances to key management personnel	36,816	(41,316)
	82,816	(25,316)
<b>Receivables</b>	-	84,380

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

	31 March 2016	31 March 2015
Total number of shares held by Directors	316,150	416,150
As a percentage of the total number of shares outstanding	0.44%	0.58%

## NOTES

to the 31 March 2016 Condensed Interim Financial Information

Bahraini dinars

## 14 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.

*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 assets 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 2016

## Available-for-sale investments:

Quoted equity securities  
Managed funds

	Level 1	Level 2	Level 3	Total
Quoted equity securities	4,331,930	-	-	4,331,930
Managed funds	-	135,207	-	135,207
	<b>4,331,930</b>	<b>135,207</b>	<b>-</b>	<b>4,467,137</b>

## At 31 March 2015

## Available-for-sale investments:

Quoted equity securities  
Managed funds

	Level 1	Level 2	Level 3	Total
Quoted equity securities	4,512,565	-	-	4,512,565
Managed funds	-	148,981	-	148,981
	<b>4,512,565</b>	<b>148,981</b>	<b>-</b>	<b>4,661,546</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 2016 Condensed Interim Financial Information**

Bahraini dinars

**15 COMMITMENTS AND CONTINGENT LIABILITIES**

	<b>31 March 2016</b>	<b>31 March 2015</b>
Letter of guarantees	<b>201,352</b>	<b>201,352</b>

As at 31 March 2016, the Company had commitments of BD 1,171,910 (2015:1,638,663) related to the new hotel project

**16 COMPARATIVES**

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