BAHRAIN TOURISM COMPANY BSC

FINANCIAL STATEMENTS

31 DECEMBER 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 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

FINANCIAL STATEMENTS
for the year ended 31 December 2013

CONTENTS Page

REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS
for the year ended 31 December 2013

The Board of Directors is pleased to present the 35^{th} Annual Report since the formation of the company, highlighting the activities and results of the year ended December 31, 2013.

We are pleased to inform our Shareholders that during 2013, Crowne Plaza Bahrain started full renovation of 50% of its Rooms. The newly renovated Rooms are designed with muted color palettes and an electric mix of stylish modern furniture with complete technology offering.

The Project of the new 5 Stars Hotel has completed 85% of scheme design drawing, following an extensive Operators Tender, we are now in negotiation with the preferred Five Star Operator and should be able to announce completion of Management Agreement soon.

Net Profit of the company for the year 2013 amounted to BD 1,087,341. Equity of the shareholder amounted to BD 31,560,922 as compared to BD 30,535,257 as a result of the reasons set out above.

The Board of Directors proposes the following appropriations:

	BAHRAINI DINAR
Cash Dividend of 15 percent (15 fils per share for shares traded)	985,090
Donations to charity	15,000
Retained earnings after appropriations	87,251

The Board of Directors also propose directors' remuneration of BD 64,000.

The Board of Directors would like to express its deep gratitude and sincere appreciation to His Majesty King Hamad Bin Isa Al Khalifa, King of the Kingdom of Bahrain, HRH Prince Khalifa Bin Salman Al Khalifa, the Prime Minister and to HRH Prince Salman Bin Hamad Al Khalifa, the Crown Prince and Deputy Supreme Commander of the Bahrain Defense Force, and to the Ministers of the Kingdom of Bahrain for their continuing support and encouragement.

We also wish to reiterate our gratitude and appreciation to our respected clients for their support and finally, we are pleased to convey our appreciation and thanks to the company's Chief Executive Officer and all employees for their sincere efforts towards developing the business of the Company.

Qassim Mohamed Fakhroo 19 February 2014
Chairman

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
Bahrain Tourism Company BSC 19 February 2014
Kingdom of Bahrain

Report on the financial statements

We have audited the accompanying financial statements of Bahrain Tourism Company BSC (the "Company"), which comprise the statement of financial position as at 31 December 2013, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Responsibility of the board of directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other regulatory requirements

As required by the Bahrain Commercial Companies Law, we report that: the Company has maintained proper accounting records and the financial statements are in agreement therewith; the financial information contained in the directors' report is consistent with the financial statements; we are not aware of any violations of the Bahrain Commercial Companies Law or the terms of the Company's memorandum and articles of association having occurred during the year that might have had a material adverse effect on the business of the Company or on its financial position; and satisfactory explanations and information have been provided to us by the management in response to all our requests.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2013 Bahraini dinars

	Note	2013	2012
ASSETS			
CURRENT ASSETS			
Cash and bank balances		913,022	796,661
Short-term bank deposits		4,589,411	6,422,837
Trade receivables	4	473,297	452,300
Inventory	5	75,322	68,787
Prepayments and other receivables		157,941	210,326
Total current assets		**6,208,993**	7,950,911
NON-CURRENT ASSETS			
Available-for-sale investments	6	4,601,404	3,818,053
Investment in associate company	7	5,867,308	5,409,084
Investment property	8	1,048,301	1,101,151
Property and equipment	9	16,471,334	14,551,238
Total non-current assets		**27,988,347**	24,879,526
TOTAL ASSETS		**34,197,340**	32,830,437
LIABILITIES			
CURRENT LIABILITIES			
Trade payables		1,087,092	555,312
Accrued expenses and other payables	10	739,650	1,025,942
Dividends payable		368,354	353,128
Total current liabilities		**2,195,096**	1,934,382
NON-CURRENT LIABILITIES			
Provision for employees' leaving indemnity	11	441,322	360,798
TOTAL LIABILITIES		**2,636,418**	2,295,180
TOTAL NET ASSETS		**31,560,922**	30,535,257
EQUITY			
Share capital	12	7,200,000	7,200,000
Treasury shares	12	(972,295)	(972,295)
Statutory reserve		3,600,000	3,600,000
Capital and development reserves		12,758,242	12,758,242
Investment fair value reserve		3,500,723	2,562,309
Retained earnings		5,474,252	5,387,001
TOTAL EQUITY (page 5)		**31,560,922**	30,535,257

Qassim Mohamed Yousif Fakhroo Waleed Ahmed Al Khaja Abdulnabi Mohammed Daylami
Chairman *Vice Chairman* *Chief Executive Officer*

The Board of Directors approved the financial statements consisting of pages 3 to 30 on 19 February 2014.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2013 Bahraini dinars

	Note	2013	2012
Hotel operations			
Revenue	14	5,710,581	5,273,225
Operating costs	15	(4,402,119)	(4,025,855)
Depreciation of hotel and conference centre	9	(1,161,619)	(1,208,668)
Profit from hotel operations		**146,843**	38,702
INVESTMENT ACTIVITIES			
Dividend income		259,855	272,278
Profit on sale / redemption of AFS investments		1,371	72,077
Share of profit from associate	7	1,099,454	1,120,397
Net property income		120,690	133,584
Interest income		125,381	135,683
Net income from travel division		8,017	9,221
Other (expense) / income		(1,157)	12,302
Depreciation of investment property	8	(52,850)	(52,520)
Provision for impairment on AFS investments		(2,875)	(16,325)
Income from investment activities		**1,557,886**	1,686,697
General and administrative expenses	16	(617,388)	(467,481)
PROFIT FOR THE YEAR		**1,087,341**	1,257,918
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Available-for-sale investments:			
- Net change in fair value		882,404	194,859
- Transfer to income statement on sale		-	(63,133)
- Transfer to income statement on impairment		240	826
Share of fair value reserve of associate		93,019	46,616
Transfer to income statement from fair value reserve of associate		(37,249)	-
Total other comprehensive income for the year		**938,414**	179,168
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,025,755**	1,437,086
Basic and diluted earnings per share of 100 fils for the year		16.6 fils	19.2 fils

Qassim Mohamed Yousif Fakhroo
Chairman

Waleed Ahmed Al Khaja
Vice Chairman

Abdulnabi Mohammed Daylami
Chief Executive Officer

The Board of Directors approved the financial statements consisting of pages 3 to 30 on 19 February 2014.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

Bahraini dinars

2013	Share capital	Treasury shares	Statutory reserve	Capital and development reserves	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 year						1,087,341	1,087,341
Other comprehensive income							
Net change in fair value of available-for-sale investments	-	-	-	-	882,404	-	882,404
Amount transferred to income statement on impairment of available-for-sale investments	-	-	-	-	240	-	240
Share in fair value reserve changes of associate	-	-	-	-	93,019	-	93,019
Transfer to income statement from fair value reserve of associate					(37,249)	-	(37,249)
Total other comprehensive income for the year	-	-	-	-	938,414	-	938,414
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	-	**938,414**	**1,087,341**	**2,025,755**
Charity donations approved for 2012	-	-	-	-	**-**	**(15,000)**	**(15,000)**
Transactions with the owners of the Company							
Dividend declared for 2012	-	-	-	-	-	(985,090)	(985,090)
At 31 December 2013	**7,200,000**	**(972,295)**	**3,600,000**	**12,758,242**	**3,500,723**	**5,474,252**	**31,560,922**

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

Bahraini dinars

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 year	-	-	-	-	-	1,257,918	1,257,918
Other comprehensive income							
Net change in fair value of available-for-sale investments	-	-	-	-	194,859	-	194,859
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	-	-	-	-	826	-	826
Share in fair value reserve changes of associate	-	-	-	-	46,616	-	46,616
Total other comprehensive income for the year	-	-	-	-	179,168	-	179,168
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	-	179,168	1,257,918	1,437,086
Charity donations declared for 2011	-	-	-	-	-	(15,000)	(15,000)
Transactions with the Owners of the Company							
Dividend declared for 2011	-	-	-	-	-	(788,071)	(788,071)
At 31 December 2012	7,200,000	(972,295)	3,600,000	12,758,242	2,562,309	5,387,001	30,535,257

The financial statements consist of pages 3 to 30.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2013 Bahraini dinars

	2013	2012
OPERATING ACTIVITIES		
Cash received from customers	5,751,319	5,375,968
Rent received	135,619	127,005
Payments to suppliers	(1,586,761)	(1,316,673)
Payments for staff salaries and related costs	(2,234,293)	(1,969,822)
Payments for other overhead expenses	(1,137,050)	(1,142,147)
Payments for hotel renovation and new hotel project	(2,774,404)	(907,407)
Net cash (used in) / generated from operating activities	**(1,845,570)**	166,924
INVESTING ACTIVITIES		
Interest received	130,189	129,983
Dividends received	956,855	812,278
Other receipts	7,269	11,285
Proceeds on sale / redemption of available-for-sale investments	96,496	106,799
Net movement on short-term bank deposits	202,280	(202,280)
Gain on disposal of property and equipment	2,024	-
Payments for acquisition of property and equipments	(94,464)	
Net cash generated from investing activities	**1,300,649**	858,065
FINANCING ACTIVITIES		
Dividends paid	(969,864)	(775,215)
Charity paid	-	(2,500)
Net cash used in financing activities	**(969,864)**	(777,715)
Net (decrease) / increase in cash and cash equivalents	(1,514,785)	247,274
CASH AND CASH EQUIVALENTS AT 1 JANUARY	7,017,218	6,769,944
CASH AND CASH EQUIVALENTS at 31 December	**5,502,433**	7,017,218
CASH AND CASH EQUIVALENTS per statement of financial position:		
Cash and bank balances	913,022	796,661
Short-term bank deposits	4,589,411	6,220,557
	5,502,433	7,017,218

The financial statements consist of pages 3 to 30.

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 Organisation, 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.

Shareholders

(i) The Company has only one class of equity shares and the holders of these shares have equal voting rights.

(ii) Names and nationalities of the major shareholders and the number of equity shares held in which they have an interest of 5% or more of outstanding shares (net of treasury shares as disclosed in note 12) are as follows:

Sr. No.	Name	Nationality	No. of shares	Holding %
1)	Social Insurance Organisation	Bahrain	37,117,310	56.51%

(iii) Distribution schedule of equity shares is as follows:

Categories	No. of shares	No. of shareholders	% of total Outstanding shares
Less than 1%	18,154,738	3,404	25.21%
1% up to less than 5%	10,400,587	8	14.45%
5% up to less than 10%	6,327,365	1	8.79%
10% up to less than 20%	-	-	-
20% up to less than 50%	-	-	-
50% and above	37,117,310	1	51.55%
	72,000,000	**3,414**	**100.00**

98.45% of the shares are held by Bahraini individuals and legal entities incorporated in the Kingdom of Bahrain and 1.55% by other nationalities.

2 BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Bahrain Commercial Companies Law 2001.

2 Significant accounting policies (continued)

b) Basis of measurement

The financial statements have been drawn up from the accounting records of the Company under the historical cost convention, except for available for sale investments which are stated at fair value.

The Company classifies its expenses using the nature of expense method. The Company has 2 distinct operations, Hotel and Investments. Hotel operations costs include directly related costs and depreciation. All investment decisions are taken by the Investment committee of the Board of Directors and no separate fees are paid for their services. General and administrative expenses pertain to common costs incurred at the holding company for management of the Company.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

c) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Bahraini Dinars, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest Bahraini Dinar, except where otherwise indicated.

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant areas where management has used estimates, assumptions or exercised judgments are as follows:

Judgments

Classification of investments
Upon acquisition of an investment, management decides whether it should be classified as investments carried at fair value through profit and loss, investments at amortised cost, held to maturity or available for sale.

Estimates

Fair value of financial instruments that are not quoted in an active market
The fair value of investments in managed funds is estimated at net asset values provided by the Investment Managers.

Impairment of receivables
The Company reviews the carrying amounts of the receivables at each reporting date to determine whether the receivables have been impaired. Specific evaluation is made for each receivable balance and the recoverable amount is estimated based on past experience with each customer and estimated cash flows.

2 Significant accounting policies (continued)

Impairment of available-for-sale investments

The Company determines that available-for-sale equity securities and managed funds at fair value are impaired when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged requires judgment. Where fair values are not available, the recoverable amount of such investment is estimated to determine impairment. In making this judgement, the management evaluates among other factors, evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

A 20% or more is used as a reasonable measure for significant decline below cost, irrespective of the duration of the decline. Prolonged decline represents decline below cost that last for more than 9 months irrespective of the amount.

Useful life and residual value of investment property, property and equipment

The Company reviews the useful life and residual value of the investment property, property and equipment at each reporting date to determine whether an adjustment to the useful life and residual value is required. The useful life and residual value is estimated based on the similar assets of the industry, and future economic benefit expectations of the management.

3 SIGNIFICANT ACCOUNTING POLICIES

Except for the changes below, the Company has consistently applied the accounting policies as set out below to all periods presented in the financial statements.

a) Standards, amendments and interpretations effective from 1 January 2013

The following standards, amendments and interpretations, which became effective as of 1 January 2013, are relevant to the Company.

(i) IAS 1 – Presentation of items of other comprehensive income

The amendments to IAS 1 require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss.

The adoption of this amendment had no significant impact on the financial statements

(ii) IAS 19 – Employee benefits (2011)

IAS 19 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two.

(iii) IAS 28 (2011)

IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the following amendments;

- Associates held for sale: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the entity applies the equity method until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture, and

- On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not re-measure the retained interest.

The adoption of this amendment had no significant impact on the financial statements.

3 Significant accounting policies (continued)

(iv) Amendments to IFRS 7 on offsetting financial assets and financial liabilities (2011)

Disclosures – Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of netting arrangements on an entity's financial position. Based on the new disclosure requirements the Company has to provide information about what amounts have been offset in the statement of financial position and the nature and extent of rights of set off under master netting arrangements or similar arrangements.

The adoption of this amendment had no significant impact on the Company's financial statements.

(v) IFRS 12 – Disclosures of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. It requires the disclosure of information about the nature, risks and financial effects of these interests. As a result of IFRS 12, the Company has expanded its disclosures about its interests in associate. Refer to note 7.

(vi) IFRS 13 – Fair value measurement

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. It unifies the definition of fair value as 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7.

The change had no significant impact on the measurements of the Company's assets and liabilities but the Company has included additional disclosures in this regard. Please refer to note 20. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures.

(vii) Improvements to IFRSs (2011)

Improvements to IFRS issued in 2011 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. There were no significant changes to the current accounting policies of the Company as a result of these amendments.

b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts, and represents amounts receivable for goods supplied or services performed. The Company recognises revenues when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the Company; and when specific criteria has been met for each of the Company's activities, as described below:

(i) Hotel revenue

Revenue from room letting is accrued on a daily basis for the period of stay of the guests in the hotel. Revenue from food outlets is recognised on delivery of the food and beverage to the customer.

Revenue from membership of recreational facilities is recognised on a straight line basis over the period of the membership contract. Membership fees paid in advance is recognised as liability and released to profit or loss over the period of membership.

(ii) Property income

Property income comprises rent arising from the letting out of investment properties, which is recognized on accrual basis, net of expenses incurred on maintenance of the properties. Rental income is recognised on a straight line basis over the term of the lease.

3 Significant accounting policies (continued)

(iii) Dividend income
Dividend income is recognised when the right to receive is established.

(iv) Interest income
Interest income is recognised as it accrues, using the effective interest rate method.

c) Government levy
The Hotel pays a Government levy calculated at 5 percent of the Hotel's total revenue (net of foreign exchange gains) and is payable quarterly in arrears to the Government.

d) Trade receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

e) Inventories
Inventories are stated at lower of cost and net realisable values with due allowance being made for damaged and deteriorated items. Cost is determined on a weighted average basis and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

f) Foreign currency
Monetary assets and liabilities are translated into Bahraini Dinars at year end exchange rates. Transactions in foreign currencies during the year are converted at the rate ruling at that time. Foreign exchange gains and losses are recognized in profit or loss. Translation differences for non-monetary items, such as equities classified as available-for-sale investments, are included in a fair value reserve in equity.

g) Available-for-sale Investments

Classification
Available-for-sale investments are non-derivative investments that are designated as available-for-sale or that are not classified as another category of financial assets. Available-for-sale investments comprise investments in certain quoted and unquoted equity securities, and managed funds.

Recognition and Measurement
Available-for-sale investments are initially recognised at fair value, including transaction costs and subsequently re-measured to fair value using the closing bid prices. Unrealised gains and losses arising from changes in the fair values of Available-for-sale investments are recognised in other comprehensive income. In the event of sale, disposal, collection or impairment, the cumulative gains and losses recognised previously in other comprehensive income are transferred to profit or loss. Purchases and sales of Available-for-sale investments are accounted for on the trade date. Available-for-sale investments where there is no quoted market price or other appropriate methods from which to derive reliable fair values, are carried at cost less impairment.

Fair Value
The fair value of quoted equity securities classified as available-for-sale investments is their quoted bid price at the reporting date. Investments in managed funds are valued at net asset values provided by the Investment Manager.

Impairment
The Company assesses at each reporting date whether there is objective evidence that a financial asset is impaired. In the case of equity Investment classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment. If such evidence exists, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that security previously recognised in equity is removed and recognised in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity investment is recognised in other comprehensive income.

3 Significant accounting policies (continued)

h) Property and equipment

Property and equipment held for operational purposes are carried at cost less accumulated depreciation and any accumulated impairment losses. The cost of the properties and equipments includes the cost of bringing them to their present location and condition. Direct costs are capitalized until properties and equipments are ready for use. Capital work-in-progress comprises the cost of properties and equipments that are not yet ready for their intended use on the reporting date. The cost of additions and major improvements are capitalised.

(i) Subsequent cost

The Company recognises in the carrying amount of an item of property and equipment, and the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

(ii) Depreciation

Land is not depreciated. Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment as follows:

Hotel and conference centre buildings	30- 40 years
Hotel and conference centre furnishings and equipment	2 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. When an item of property and equipment is sold or discarded, the respective cost and accumulated depreciation relating thereto are eliminated from the statement of financial position, the resulting gain or loss being recognized in profit or loss.

i) Investment in associate company

An associate company is an entity in which the Company holds, directly or indirectly, more than 20% of the voting power or exercises significant influence, but not control, over the financial and operating policies. The investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment. When the Company's share of losses exceeds its interest in an associate, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of an associate.

j) Investment property

Investment property are properties which are held either to earn rental income or for capital appreciation or for both but not for the sale in the ordinary course of business, use in the supply of services or administrative purposes. Investment properties are stated at cost less accumulated depreciation of the buildings and impairment losses, if any. Depreciation is provided on cost by straight-line method over the estimated useful lives of the buildings. Land is not depreciated.

k) Treasury shares

When share capital of the Company is repurchased, the amount of consideration paid is recognized as a change in equity. Repurchased shares classified as treasury shares are carried at cost and are presented as a deduction from equity.

l) Dividends

Dividends are recognised as a liability in the period in which they are declared.

m) Statutory reserve

In accordance with the Bahrain Commercial Companies Law 2001, 10% of the net profit is appropriated to a statutory reserve, until it reaches 50% of the paid-up share capital. This reserve is distributable only in accordance with the provisions of the law.

n) Capital and development reserves

In accordance with the recommendations of the Board of Directors and approved by the shareholders, specific amounts were transferred to the capital and development reserves. The development reserve was set up to fund capital expenditure and is not intended for distribution.

3 Significant accounting policies (continued)

o) De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

p) Charity Donations

Donation for charity is recognised as a liability in the period in which it is declared.

q) Impairment

The carrying amounts of the Company's assets (refer note 3g for impairment of available for sale investments) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. All impairment losses are recognized in profit or loss. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

r) Employee benefits

Bahraini employees

Pension rights (and other social benefits) for Bahraini employees are covered by the Social Insurance Organisation scheme to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Company's share of contributions to this funded scheme, which is a defined contribution scheme under IAS 19, is recognised as an expense in profit or loss.

Expatriate employees

Employees are entitled to leaving indemnities payable under the Bahraini Labour Law for the Private Sector, based on length of service and final salary. Provision for this, which is unfunded, and which represents a defined benefit plan under International Accounting Standard 19 – Employee Benefits has been made by calculating the notional liability had all employees left at the reporting date.

s) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and bank deposits maturing within 3 months when acquired and are subject to insignificant risk of changes in their fair value.

t) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

u) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

4 TRADE RECEIVABLES

	2013	2012
Gross receivables	540,656	513,952
Impairment allowance	(67,359)	(61,652)
Net receivables	**473,297**	452,300

The movement on impairment allowance is follows:

	2013	2012
At 1 January	61,652	52,983
Charge for the year	5,707	10,157
Amounts written off during the year	-	(1,488)
At 31 December	**67,359**	61,652

5 INVENTORY

	2013	2012
Beverages	52,399	49,180
General stores and supplies	22,923	19,607
	75,322	68,787

6 AVAILABLE-FOR-SALE INVESTMENTS

	2013	2012
Equities		
Quoted at fair value	4,106,207	3,252,342
Unquoted at cost	310,800	310,800
	4,417,007	3,563,142
Managed funds		
At fair value	180,665	173,139
At cost	3,732	81,772
	184,397	254,911
	4,601,404	3,818,053

The Company intends to exit unquoted equity investments and managed funds principally by sale or exiting on maturity, respectively. An impairment loss of BD 2,875 (2012: BD 16,325) on available-for-sale investments has been recognised during the year.

7 INVESTMENT IN ASSOCIATE COMPANY

a) Details of each of the Company's material associate at the end of the year is as follows:

Name of the entity	Place of business/country of incorporation	Proportion of ownership and voting power held by the Company	Principal activities
African & Eastern (Bahrain) WLL	Bahrain	33.33%	Import and sale of merchandise

The above associate is accounted for using the equity method in these financial statements.

b) The following table summarizes the financial information of African & Eastern (Bahrain) WLL as included in its own financial statements. The table also reconciles the summarized financial information to the carrying amount of the Company's interest in the associate.

African & Eastern (Bahrain) WLL 33.33%	**2013**	2012
Total current assets	5,072,737	4,511,892
Total non-current assets	12,781,588	11,797,687
Total current liabilities	(1,234,584)	(1,075,951)
Total non-current liabilities	(138,643)	(127,218)
Net Assets (100%)	**16,481,098**	15,106,410
Company's share of net assets (33.33%)	5,493,642	5,035,418
Goodwill	373,666	373,666
Carrying amount of interest in associate	**5,867,308**	5,409,084

	2013	2012
Revenue	11,702,380	11,439,823
Profit for the year	3,298,394	3,361,226
Other comprehensive income	161,294	129,416
Total comprehensive income	**3,459,688**	3,490,642
Company's share of total comprehensive income (33.33%)	1,155,224	1,167,013
Dividend received by the Company	**697,000**	540,000

7 Investment in Associate Company (continued)

	Carrying value (33.33%)	**Goodwill**	**2013 Total**	2012 Total
At 1 January	5,035,418	373,666	5,409,084	4,782,071
Movement during the year:				
Profit for the year	1,099,454	-	1,099,454	1,120,397
Share of fair value reserve	93,019	-	93,019	46,616
Transfer to income statement from fair value reserve of associate	(37,249)	-	(37,249)	-
Dividends received	(697,000)	-	(697,000)	(540,000)
At 31 December	**5,493,642**	**373,666**	**5,867,308**	5,409,084

In applying the equity method, the audited financial statements as of 31 December 2013 have been used.

8 INVESTMENT PROPERTY

	Land	Buildings	**2013 Total**	2012 Total
Cost				
At beginning of year	494,515	1,811,731	2,306,246	2,303,053
Addition during the year	-	-	-	3,193
At 31 December	494,515	1,811,731	2,306,246	2,306,246
Depreciation				
At beginning of year	-	1,205,095	1,205,095	1,152,575
Charge for the year	-	52,850	52,850	52,520
At 31 December	-	1,257,945	1,257,945	1,205,095
Net carrying value at 31 December	**494,515**	**553,786**	**1,048,301**	1,101,151

The fair value of the investment property as at 31 December 2013 is BD 2,357,989 (2012: BD 2,319,106), based on a valuation performed by an independent property valuer.

9 PROPERTY AND EQUIPMENT

	Land	Capital projects in progress	Buildings	Furniture and Equipment	**2013 Total**	2012 Total
Cost						
At 1 January	991,060	660,709	27,616,788	4,250,708	33,519,265	32,559,462
Additions	-	2,988,004	-	93,998	3,082,002	962,996
Transfer from CWIP/disposals	-	(254,740)	216,206	34,701	(3,833)	(3,193)
At 31 December	991,060	3,393,973	27,832,994	4,379,407	36,597,434	33,519,265
Depreciation						
At 1 January	-	-	15,475,492	3,492,535	18,968,027	17,759,359
Charge for the year			966,236	195,383	1,161,619	1,208,668
Charged to operating cost	-	-	-	287	287	-
Disposals	-	-	-	(3,833)	(3,833)	-
At 31 December	-	-	16,441,728	3,684,372	20,126,100	18,968,027
Net carrying value 31 December	**991,060**	**3,393,973**	**11,391,266**	**695,035**	**16,471,334**	14,551,238

The Crowne Plaza building (freehold) is situated at Diplomatic Area and is used for the Hotel operations of the Company. The building is 37 years old.

The Bahrain Conference Centre building (freehold) is situated at Diplomatic Area and is used to host corporate seminars and conferences. The building is 19 years old.

10 ACCRUED EXPENSES AND OTHER PAYABLES

	2013	2012
Provision for leave salary	86,862	80,845
Provision for charity	46,889	31,889
Accrued expenses	346,275	256,501
Guest deposit	46,062	50,751
Deferred income	19,286	43,148
Other payables	194,276	562,808
	739,650	1,025,942

11 PROVISION FOR LEAVING INDEMNITY

The Company's contributions in respect of Bahraini employees for 2013 amounted to **BD 54,804** (2012: BD 52,776).

The provision for indemnities in respect to expatriate employees was as follows:

Provision for indemnities	**2013**	2012
Provision at beginning of year	360,798	297,386
Charge during the year	94,222	89,934
Indemnities paid during the year	(13,698)	(26,522)
At 31 December	**441,322**	360,798

12 SHARE CAPITAL

	Number	**2013 Value**	2012 Value
Authorised shares of 100 fils each	*150,000,000*	15,000,000	15,000,000
Issued and fully paid up shares of 100 fils	*72,000,000*	7,200,000	7,200,000
Treasury shares at cost	*(6,327,365)*	(972,295)	(972,295)
In public issue at 31 December	***65,672,635***	6,227,705	6,227,705

There have been no changes to issued, paid up and treasury share capital during the year.

Share statistics	**2013**	2012
Dividend per 100 fils share	15.0 fils	15.0 fils
Earnings per 100 fils share (basic and diluted)	16.6 fils	19.2 fils
Stock Exchange price per share on 31 December	254 fils	314 fils
Net asset value per share (on weighted average number of shares)	480.58	464.96 fils
Market capitalisation (excluding treasury shares) at 31 December	16,680,849	20,621,207

Earnings per share have been calculated on the basis of the net profit for the year (page 4) divided by the weighted average number of shares in issue during the year of 65,672,635 (2012: 65,672,635).

13 APPROPRIATIONS

The Board of Directors recommend the following appropriations, which are subject to the shareholders' approval at the annual general meeting:

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

14 HOTEL REVENUE

	2013	2012
Room	2,361,018	2,195,331
Food and beverage	2,842,837	2,638,597
Rental, telephone and others	506,726	439,297
	5,710,581	5,273,225

15 OPERATING COSTS

	2013	2012
Staff salaries	1,914,936	1,739,972
Directly related costs of hotel services	1,718,617	1,578,602
Utilities and maintenance expense	211,306	164,945
Electricity expenses	152,218	165,154
Advertising and marketing expenses	143,419	132,785
Management fees	145,385	138,597
Travel and entertainment expenses	31,993	24,251
Other expenses	84,245	81,549
	4,402,119	4,025,855

16 GENERAL & ADMINISTRATIVE EXPENSES

	2013	2012
Staff costs	463,114	312,861
Directors remuneration	60,000	60,000
Professional fees	29,355	37,240
Insurance	40,989	39,654
Provision for impairment on receivables	-	4,884
Other expenses	23,930	12,842
	617,388	467,481

17 COMMITMENTS AND CONTINGENT LIABILITIES

	2013	2012
Letter of guarantee	203,352	212,940

As at 31 December 2013, the Company had commitments of BD 2,177,667 (2012: nil) related to the new hotel project and BD 73,000 (2012: nil) for the hotel renovation.

18 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. There were capital expenditure payments for hotel projects made to director-controlled entities where the directors were interested

a) Transactions and balances with and from related parties

	2013	2012
Social insurance contributions to the parent company	**54,804**	52,776
Purchases of merchandise from an associate company	**89,563**	83,363
Capital expenditure payments to director-controlled entities	**52,917**	155,250

	2013	2012
Payable to associate company	**14,317**	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:

	2013	2012
Directors' remuneration	60,000	60,000
Salary and other allowances to key management personnel	459,048	290,072
Total compensation	**519,048**	350,072

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

	2013	2012
Total number of shares held by Directors	**458,300**	458,300
As a percentage of the total number of shares (net) outstanding	**0.70%**	0.70%

19 SEGMENT INFORMATION

The Company has three distinct operating segments, Hotel, Investments and Travel, which are the Company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different strategies for management and resource allocation within the Company. For each of the strategic business units, the Company's Chief Executive Officer (chief operating decision makers) reviews internal management reports.

The following summary describes the operations in each of the Company's operating reportable segments:

- **Hotel:** Provision of hotel facilities and other services to individual and corporate customers;
- **Investments:** This segment is focused on investing the surplus funds of the Company in investments in equity shares, mutual funds, and associates and monitoring the performance of the portfolio on a timely basis. The investments are not traded, but held as available for sale securities.
- **Travel:** The Company also has a travel division which provides ticketing and travel agency services to customers.

Information regarding the results of each reportable segment is included below. The performance of each operating segment is measured based on segment profits. Segment profits is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. There are no significant inter segment transactions. Segment assets, liabilities and related income/costs are directly related to the respective segment. There are no funds allocated between segments.

19 SEGMENT INFORMATION (continued)

The Company operates in Bahrain and does not have operating units in other locations and hence all revenues generated are attributable to its activities from Bahrain.

	Hotel Operations		Investments		Travel		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Revenue from external customers	5,710,581	5,273,225	404,375	508,619	76,664	77,277	6,191,620	5,859,121
Income from Associate	-	-	1,099,454	1,120,397	-	-	1,099,454	1,120,397
Interest income	-	-	125,381	135,683	-	-	125,381	135,683
Total segment revenue	**5,710,581**	5,273,225	1,629,210	1,764,699	76,664	77,277	7,416,455	7,115,201
Operating costs	(4,402,119)	(4,025,855)	(641,004)	(485,859)	(68,647)	(68,056)	(5,111,770)	(4,579,770)
Depreciation	(1,161,619)	(1,208,668)	(52,850)	(52,520)	-	-	(1,214,469)	(1,261,188)
Impairment of assets	-	-	(2,875)	(16,325)	-	-	(2,875)	(16,325)
Total segment costs	**(5,563,738)**	(5,234,523)	(696,729)	(554,704)	(68,647)	(68,056)	(6,329,114)	(5,857,283)
Segment profit/(loss)	**146,843**	38,702	932,481	1,209,995	8,017	9,221	1,087,341	1,257,918
Segment assets	16,999,288	15,025,991	16,983,386	17,603,033	214,666	201,413	34,197,340	32,830,437
Segment liabilities	(942,845)	(950,433)	(1,614,287)	(1,274,527)	(79,286)	(70,220)	(2,636,418)	(2,295,180)
Capital expenditure	3,082,002	959,803	-	3,193	-	-	3,082,002	962,996

The total assets of investments segment include BD 5,867,308 (2012: BD 5,409,084) investment in associate company.

Geographical distribution of revenue and assets
All assets and liabilities of the Company are located in Bahrain except for investments in managed funds which are located outside Bahrain.

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Company include cash and bank balances, deposits, receivables and available for sale investments.

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial liabilities of the Company include payables.

The Company has exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Day to day monitoring of the Company's activities and risks is performed by the Board Committees and the Chief Executive Officer.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company seeks to limit its credit risk with respect to customers by means of the following policies:

- Credit risk is actively managed and rigorously monitored in accordance with well-defined credit policies and procedures laid down by the Company.
- Credit review procedures are designed to identify at an early stage exposure, which require more detailed monitoring and review.
- Cash is placed with banks with good credit ratings.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2013	2012
Bank balances	903,018	786,466
Short-term bank deposits	4,589,411	6,422,837
Trade receivables	473,297	452,300
Other receivables	112,515	146,019
	6,078,241	7,807,622

The maximum exposure to credit risk from receivables at the reporting date by segment was:

	2013	2012
Government	15,982	83,336
Non-government	457,315	368,964
	473,297	452,300

The Company does not hold any collateral against the above receivables.

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The ageing of receivables at the reporting date was:

	2013		2012	
	Gross	**Impairment**	Gross	Impairment
0-30 days	207,480	-	186,850	-
31-90 days	156,505	-	171,047	-
91-365 days	68,388	-	52,595	-
Over one year	108,283	67,359	103,460	61,652
	540,656	**67,359**	513,952	61,652

	2013	2012
Neither past due nor impaired	205,596	186,850
Past due but not impaired	267,701	265,450
Past due and impaired	67,359	61,652
	540,656	513,952

Liquidity risk, also referred to as funding risk, is the risk the Company will encounter difficulty in raising funds to meet obligations associated with its financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity requirements are monitored on a daily basis and the management ensures that sufficient funds are available to meet any future commitments. In the normal course of business, the Company does not resort to borrowings but has the ability to raise funds from banks at short notice.

The following are the contractual maturities of financial liabilities:

31 December 2013	**Carrying value**	**0-3 months**	**4-6 months**	**7-12 months**	**1-5 yrs**	**over 5 yrs**
Trade payables	1,087,092	1,087,092	-	-	-	-
Other payables	194,276	181,294	12,982	-	-	-
Dividend payable	368,354	368,354	-	-	-	-
	1,649,722	**1,636,740**	**12,982**	**-**		

31 December 2012	Carrying value	0-3 months	4-6 months	7-12 months	1-5 yrs	over 5 yrs
Trade payables	555,312	555,312	-	-	-	-
Other payables	562,808	540,328	20,700	1,780		-
Dividend payable	353,128	353,128	-	-	-	-
	1,471,248	1,448,768	20,700	1,780	-	-

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Exchange rate risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign exchange risk on its available for sale investments, other than those in Bahraini Dinar or US Dollars, since the Bahraini Dinar is effectively pegged against the US Dollar. Included in available-for-sale investments are sterling investments of £ 10,640 (BD 6,832) (2012: £ 45,700 (BD 27,845)).

Change in market foreign exchange rates will not have a significant impact on the carrying value of the investments.

Market risk is the risk that that changes in market prices will affect the Company's income or the value of its financial instruments; whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all investments traded in the market.

The Company is exposed to market risk with respect to its available-for-sale investments.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risks on its short-term bank deposits.

The Company's interest rate risk arises from its interest bearing short-term bank deposits. These carry a fixed rate of interest and mature within 3 months. Change in market interest rate will not have a significant impact on the carrying value of the deposits due to short term characteristics of these deposits.

	2013	2012
Effective interest rate on short-term bank deposits	2.01%	2.22%

A 100 bps fluctuation in the interest rates would result in a BD 45,894 (2012: BD 64,228) variation in profit.

Fair Value and classification of financial instruments

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.

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.

Other than certain available-for-sale investments carried at cost of BD 314,532 (2012: BD 392,572), the estimated fair values of the Company's other financial instruments are not significantly different from their carrying value.

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

i) The classification of financial instruments is as follows:

2013	**Loans and receivables**	**Available for sale**	**Others at amortised cost**	**Total carrying amount**
Cash and bank balances	913,022	-	-	913,022
Short-term bank deposits	4,589,411	-	-	4,589,411
Trade receivables	473,297	-	-	473,297
Available-for-sale investments	-	4,601,404	-	4,601,404
Other receivables	112,515	-	-	112,515
	6,088,245	**4,601,404**	-	**10,689,649**
Trade payables	-	-	1,087,092	1,087,092
Other payables	-	-	194,276	194,276
Dividend payable	-	-	368,354	368,354
	-	**-**	**1,649,722**	**1,649,722**

2012	Loans and receivables	Available for sale	Others at amortised cost	Total carrying amount
Cash and bank balances	796,661	-	-	796,661
Short-term bank deposits	6,422,837	-	-	6,422,837
Trade receivables	452,300	-	-	452,300
Available-for-sale investments	-	3,818,053	-	3,818,053
Other receivables	146,019	-	-	146,019
	7,817,817	3,818,053	-	11,635,870
Trade payables	-	-	555,312	555,312
Other payables	-	-	562,808	562,808
Dividend payable	-	-	353,128	353,128
	-	-	1,471,248	1,471,248

ii) Fair value hierarchy

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.

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 assets and liabilities carried at fair value, by valuation method.

At 31 December 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Available for sale investments:				
Quoted equity shares	4,106,207	-	-	4,106,207
Managed funds	-	180,665	-	180,665
	4,106,207	**180,665**	**-**	**4,286,872**

At 31 December 2012	Level 1	Level 2	Level 3	Total
Available for sale financial assets:				
Quoted equity shares	3,252,342	-	-	3,252,342
Managed funds	-	173,139	-	173,139
	3,252,342	173,139	-	3,425,481

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.

c) Assets not measured at fair value but where fair value is disclosed

At 31 December 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment properties	-	2,357,989	-	2,357,989
	-	**2,357,989**	**-**	**2,357,989**

At 31 December 2012	Level 1	Level 2	Level 3	Total
Investment properties	-	2,319,106	-	2,319,106
	-	**2,319,106**	**-**	**2,319,106**

The fair value of the investment properties has been valued by an independent valuer not related to the Company. The independent valuer has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on market comparable approach that reflects recent transaction prices for similar properties. There has been no change to the valuation technique during the year.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as total shareholders' equity and the level of dividends to shareholders.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. Refer note 1 for details of share capital.

21 NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2013, and have not been applied in preparing these financial statements.

(i) IFRS 9 'Financial Instruments'

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions to the standard relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

The IFRS 9 (2009) requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss.

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in other comprehensive income rather than in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment the guidance on classification and measurement of financial liabilities from IAS 39.

The mandatory effective date of IFRS 9 is not specified but will be determined when the outstanding phases are finalised. However, application of IFRS 9 is permitted. The IASB decided to consider making limited amendments to IFRS 9 to address practice and other issues. The Company has commenced the process of evaluating the potential effect of this standard but is awaiting finalisation of the limited amendments before the evaluation can be completed.

21 NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

(ii) Offsetting Financial Assets and Financial Liabilities *(Amendments to IAS 32)*

The amendments to IAS 32 clarify the offsetting criteria in IAS 32 by explaining when an entity currently has a legal enforceable right to set off and when gross settlement is equivalent to net settlement. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. Early application is permitted.

The adoption of the amendments to IAS 32 is not expected to have a significant impact on the Company's financial statements.

(iii) IFRIC 21 Levies

IFRIC 21 defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It confirms that an entity recognises a liability for a levy when – and only when- the triggering event specified in the legislation occurs.

IFRIC 21 on Levies (amendments to IAS 32) provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy.

The Interpretation is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. Earlier application is permitted. IFRIC 21 is not expected to have a significant impact on the Company's financial statements.

Early adoption of standards

The Company did not early-adopt new or amended standards in 2013.

22 COMPARATIVES

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