

BAHRAIN TOURISM COMPANY BSC

30 June 2014 CONDENSED INTERIM FINANCIAL INFORMATION

Hotel, property and tourism development and investment

Commercial registration : 1977

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

Chief Executive Officer : Abdulnabi Mohammed Daylami

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

Bankers : Ahli United Bank BSC
National Bank of Bahrain BSC
Bank of Bahrain and Kuwait BSC

Auditors : KPMG

* Representatives of Social Insurance Organization

Bahrain Tourism Company BSC

**CONDENSED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2014**

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

Independent auditors' report on review of condensed interim financial information

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

6 August 2014

Introduction

We have reviewed the accompanying 30 June 2014 condensed interim financial information of Bahrain Tourism Company BSC ("the Company"), which comprises:

- the condensed statement of financial position as at 30 June 2014;
- the condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2014;
- the condensed statement of changes in equity for the six-month period ended 30 June 2014;
- the condensed statement of cash flows for the six-month period ended 30 June 2014; and
- notes to 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 June 2014 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 June 2014

Bahraini dinars

	30 June 2014 (reviewed)	31 December 2013 (audited)
ASSETS		
CURRENT ASSETS		
Cash and bank balances	841,215	913,022
Short-term bank deposits	4,135,625	4,589,411
Trade receivables	505,344	473,297
Inventory	63,337	75,322
Prepayments and other receivables	205,083	157,941
Total current assets	5,750,604	6,208,993
NON-CURRENT ASSETS		
Available-for-sale investments	4,742,085	4,601,404
Investment in associate company	5,997,844	5,867,308
Investment property	1,022,162	1,048,301
Property and equipment	16,132,862	16,471,334
Total non-current assets	27,894,953	27,988,347
TOTAL ASSETS	33,645,557	34,197,340
LIABILITIES		
CURRENT LIABILITIES		
Trade payables	383,044	1,087,092
Accrued expenses and other payables	717,211	739,650
Unclaimed dividend	452,811	368,354
Total current liabilities	1,553,066	2,195,096
NON-CURRENT LIABILITIES		
Provision for employees' leaving indemnities	513,346	441,322
TOTAL LIABILITIES	2,066,412	2,636,418
TOTAL NET ASSETS	31,579,145	31,560,922
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
Investment fair value reserve	3,700,141	3,500,723
Retained earnings	5,293,057	5,474,252
TOTAL EQUITY (page 4)	31,579,145	31,560,922

Qassim Mohamed Fakhroo
Chairman

Hamed Mohd A. K. Al Awadhi
Vice Chairman

Abdulnabi Daylami
Chief Executive Officer

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 11 on 6 August 2014.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the six months ended 30 June 2014

Bahraini dinars

	Three months ended		Six months ended	
	30 June 2014 (reviewed)	30 June 2013 (reviewed)	30 June 2014 (reviewed)	30 June 2013 (reviewed)
HOTEL OPERATIONS				
Revenue	1,742,791	1,463,157	3,442,591	3,031,899
Operating costs	(1,281,844)	(1,114,921)	(2,520,304)	(2,211,307)
Depreciation of hotel	(291,714)	(288,316)	(583,882)	(581,223)
Profit from hotel operations	169,233	59,920	338,405	239,369
INVESTMENT ACTIVITIES				
Dividend income	6,534	-	166,537	160,381
Share of profit of associate	338,926	292,050	609,599	585,957
Net property income	30,958	27,712	64,269	56,230
Interest income	14,599	35,832	28,907	72,746
Net income from travel division activities	(6,818)	5,492	(867)	8,505
Other income / (loss)	2,744	3,207	8,490	(3,582)
Depreciation of investment property	(13,069)	(13,289)	(26,139)	(26,578)
Income from investment activities	373,874	351,004	850,796	853,659
General and administrative expenses	(140,317)	(147,704)	(370,306)	(379,122)
PROFIT FOR THE PERIOD	402,790	263,220	818,895	713,906
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Available-for-sale investments:				
- Net change in fair value	282,794	674,118	178,481	788,422
Transfer to income statement on impairment of available-for-sale investments	-	240	-	240
Share of fair value reserve of associate	(13,563)	(21,619)	20,937	(28,733)
Total other comprehensive income for the period	269,231	652,739	199,418	759,929
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	672,021	915,959	1,018,313	1,473,835
Basic and diluted earnings per share of 100 fils for the period	6.1 fils	4.0 fils	12.5 fils	10.9 fils

Qassim Mohamed Fakhroo
Chairman

Hamed Mohd A. K. Al Awadhi
Vice Chairman

Abdulnabi Daylami
Chief Executive Officer

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2014

Bahraini dinars

2014 (reviewed)	Share capital	Treasury shares	Statutory reserve	Capital and development reserves	Fair value reserve	Retained earnings	Total
Balance at 1 January 2014	7,200,000	(972,295)	3,600,000	12,758,242	3,500,723	5,474,252	31,560,922
Comprehensive income:							
Profit for the period	-	-	-	-	-	818,895	818,895
Other comprehensive income							
Net change in fair value of available-for-sale investments	-	-	-	-	178,481	-	178,481
Share in fair value reserve of associate	-	-	-	-	20,937	-	20,937
Total other comprehensive income for the period	-	-	-	-	199,418	-	199,418
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	199,418	818,895	1,018,313
Charity donations approved for 2013	-	-	-	-	-	(15,000)	(15,000)
Total transactions with the owners of the Company							
Dividend declared for 2013	-	-	-	-	-	(985,090)	(985,090)
Balance at 30 June 2014	7,200,000	(972,295)	3,600,000	12,758,242	3,700,141	5,293,057	31,579,145

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2014 (continued)

Bahraini dinars

2013 (reviewed)	Share capital	Treasury shares	Statutory reserve	Capital and development reserves	Fair value reserve	Retained earnings	Total
Balance 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	-	-	-	-	-	713,906	713,906
<i>Other comprehensive income</i>							
Net change in fair value of available-for-sale investments	-	-	-	-	788,422	-	788,422
Amount transferred to income statement on impairment of available-for-sale investments	-	-	-	-	240	-	240
Share in fair value reserve of associate	-	-	-	-	(28,733)	-	(28,733)
<i>Total other comprehensive income for the period</i>	-	-	-	-	759,929	-	759,929
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	759,929	713,906	1,473,835
Charity donations declared for 2012	-	-	-	-	-	(15,000)	(15,000)
Total transactions with the owners of the Company							
Dividend declared for 2012	-	-	-	-	-	(985,090)	(985,090)
Balance at 30 June 2013	7,200,000	(972,295)	3,600,000	12,758,242	3,322,238	5,100,817	31,009,002

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

CONDENSED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2014

Bahraini dinars

	30 June 2014 (reviewed)	30 June 2013 (reviewed)
OPERATING ACTIVITIES		
Cash received from customers	3,451,522	2,973,706
Rent received	65,191	64,784
Payment to suppliers	(1,001,524)	(736,057)
Payments for staff salaries and related costs	(1,298,094)	(1,235,792)
Payments for other overhead expenses	(712,595)	(599,181)
Payments for hotel renovation and new hotel project	(867,860)	(306,888)
Net cash (used in) / generated from operating activities	(363,360)	160,572
INVESTING ACTIVITIES		
Interest received	29,804	68,801
Dividend received	666,537	607,381
Other receipts	5,134	6,580
Proceeds from redemption of available-for-sale investments	41,190	58,846
Placement of short-term bank deposits - net	-	(561,394)
Payments for acquisition of property and equipment	(4,265)	(64,598)
Net cash generated / (used in) from investing activities	738,400	115,616
FINANCING ACTIVITIES		
Dividends paid	(900,633)	(900,723)
Net cash used in financing activities	(900,633)	(900,723)
Net (decrease) / increase in cash and cash equivalents during the period	(525,593)	(624,535)
Cash and cash equivalents at beginning of the period	5,502,433	7,017,218
Cash and cash equivalents at end of the period	4,976,840	6,392,683
CASH AND CASH EQUIVALENTS per statement of financial position:		
Cash and bank balances	841,215	1,176,023
Short-term bank deposits	4,135,625	5,216,660
	4,976,840	6,392,683

NOTES**to the 30 June 2014 condensed interim financial information**

Bahraini dinars

1 REPORTING ENTITY

Bahrain Tourism Company BSC (“the Company”) was established pursuant to Amiri Decree 2/1/1974 for the purpose of building and investing in hotels and other tourism projects. The Company's major undertaking is the Crowne Plaza Bahrain Hotel. The Company also owns and operates Bahrain Tourism Company travel division. The Company is a subsidiary of the Social Insurance Organization (the “Parent Company”) and its shares are listed on Bahrain Bourse.

2 BASIS OF PREPARATION

The condensed interim financial information for the six months ended 30 June 2014 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 2013. 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 2013.

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 2013, 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 2014. 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 2013. 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 six months ended 30 June 2013.

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 2013.

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 2013.

NOTES**to the 30 June 2014 condensed interim financial information**

Bahraini dinars

- 8 The Shareholders approved the following appropriations for 2013 in their Annual General Meeting held on 26 March 2014 that were effected during the quarter:

	2014	2013
Cash dividends	985,090	985,090
Charity donations	15,000	15,000

9 SEGMENTAL INFORMATION FOR OPERATING SEGMENTS

	Hotel Operations		Investments		Travel		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue from external customers	3,442,591	3,031,899	249,496	227,857	41,900	46,161	3,733,987	3,305,917
Income from associate	-	-	609,599	585,957	-	-	609,599	585,957
Interest income	-	-	28,907	72,746	-	-	28,907	72,746
Total segment revenue	3,442,591	3,031,899	888,002	886,560	41,900	46,161	4,372,493	3,964,620
Operating costs	(2,520,304)	(2,211,307)	(380,506)	(393,710)	(42,767)	(37,656)	(2,943,577)	(2,462,673)
Depreciation	(583,882)	(581,223)	(26,139)	(26,578)	-	-	(610,021)	(607,801)
Impairment of assets	-	-	-	(240)	-	-	-	(240)
Total segment costs	(3,104,186)	(2,792,530)	(406,645)	(420,528)	(42,767)	(37,656)	(3,553,598)	(3,250,714)
Segment profit/(loss)	338,405	239,369	481,357	466,032	(867)	8,505	818,895	713,906
Segment assets	16,699,866	16,999,288	16,732,342	16,983,386	213,350	214,666	33,645,557	34,197,340
Segment liabilities	(897,887)	(942,845)	(1,076,725)	(1,614,287)	(91,800)	(79,286)	(2,066,412)	(2,636,418)
Capital expenditure	(245,500)	(3,082,002)	-	-	-	-	(245,500)	(3,082,002)

The comparative figures of segmental revenues, costs and profit are presented for the six months ended 30 June 2013, and the comparative figures of segmental assets and liabilities are presented for the year ended 31 December 2013.

NOTES

to the 30 June 2014 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.

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

a) Transactions and balances with and from related parties

	30 June 2014	30 June 2013
Social insurance contributions to the parent company	29,161	27,804
Purchases of merchandise from an associate company	51,071	39,592
Capital expenditure payments to director-controlled entities	-	52,917

	30 June 2014	31 December 2013
Payable to parent company	9,959	8,249
Payable to associate company	15,261	14,317

a) 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 June 2014 (reviewed)	30 June 2013 (reviewed)
Directors' remuneration	32,000	30,000
Salary and other allowances to key management personnel	245,280	287,361
Total Compensation	277,280	317,361

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

	30 June 2014 (reviewed)	30 June 2013 (reviewed)
Total number of shares held by Directors	316,150	458,300
As a percentage of the total number of shares outstanding	0.48%	0.70%

NOTES**to the 30 June 2014 Condensed Interim Financial Information**

Bahraini dinars

11 FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Except for certain available-for-sale investments carried at cost of BD 314,532 (2013: BD 314,532), the remaining investments are carried at fair value. The Company's other financial assets and liabilities are short term in nature and hence the carrying value approximates fair value at the reporting date.

Fair value hierarchy

The Company measures fair values of financial instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments where the valuation technique includes inputs not based on market observable data.

a) Financial instruments measured at fair value:

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

At 30 June 2014

Available-for-sale financial assets:

Quoted equity shares

Managed funds

	Level 1	Level 2	Level 3	Total
Quoted equity shares	4,279,830	-	-	4,279,830
Managed funds	-	147,723	-	147,723
	4,279,830	147,723	-	4,427,553

At 31 December 2013

Available-for-sale financial assets:

Quoted equity shares

Managed funds

	Level 1	Level 2	Level 3	Total
Quoted equity shares	4,106,207	-	-	4,106,207
Managed funds	-	180,665	-	180,665
	4,106,207	180,665	-	4,286,872

b) Other financial assets and liabilities:

Bahrain Tourism Company BSC

11

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 June 2014 Condensed Interim Financial Information**

Bahraini dinars

12 COMMITMENTS AND CONTINGENT LIABILITIES

	30 June 2014 (reviewed)	30 June 2013 (reviewed)
Letter of guarantees	206,352	212,940

As at 30 June 2014, the Company had commitments of BD 1,865,801 (2013: 2,580,060) related to the new hotel project and BD 69,350 (2013: nil) for the hotel renovation.