

BAHRAIN TOURISM COMPANY BSC

30 June 2015 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
Reyadh Ahmed Al Mahmeed *
Najah Hassan Al Arabi *
Jamal Abdulla Mohammad Abulla Almutawa *

Chief Executive Officer : Abdulnabi Mohammed Daylami

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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 six months ended 30 June 2015

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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

12 Aug 2015

Introduction

We have reviewed the accompanying 30 June 2015 condensed interim financial information of Bahrain Tourism Company BSC (the "Company"), which comprises:

- the condensed statement of financial position as at 30 June 2015;
- the condensed statement of profit or loss and other comprehensive income for the three-month and six month periods ended 30 June 2015;
- the condensed statement of changes in equity for the six-month period ended 30 June 2015;
- the condensed statement of cash flows for the six-month period ended 30 June 2015; 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 30 June 2015 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 2015

Bahraini dinars

	30 June 2015 (reviewed)	31 December 2014 (audited)
ASSETS		
CURRENT ASSETS		
Cash and bank balances	1,155,882	1,208,523
Short-term bank deposits	5,974,178	5,769,909
Trade receivables	399,560	505,543
Inventory	70,567	76,635
Prepayments and other receivables	189,685	156,754
Total current assets	7,789,872	7,717,364
NON-CURRENT ASSETS		
Available-for-sale investments	5,162,348	4,805,615
Investment in associate company	6,420,953	6,342,464
Investment property	969,883	996,023
Property and equipment	15,855,908	16,060,919
Total non-current assets	28,409,092	28,205,021
TOTAL ASSETS	36,198,964	35,992,385
LIABILITIES		
CURRENT LIABILITIES		
Trade payables	300,571	410,777
Accrued expenses and other payables	639,240	834,910
Dividend Payable	426,659	428,817
Total current liabilities	1,366,470	1,674,504
NON-CURRENT LIABILITIES		
Provision for employees' leaving indemnities	512,976	533,587
TOTAL LIABILITIES	1,879,446	2,208,091
TOTAL NET ASSETS	34,319,518	33,714,294
EQUITY		
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	4,159,649	3,715,903
Retained earnings	6,601,627	6,440,149
TOTAL EQUITY (page 4)	34,319,518	33,714,294

Hamed Mohd A. K. Al Awadhi
Chairman

Adel Hussain Al-Maskati
Vice Chairman

Abdulnabi Daylami
Chief Executive Officer

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 11 on 12 August 2015.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2015

Bahraini dinars

	Three months ended		Six months ended	
	30 June 2015 (reviewed)	30 June 2014 (reviewed)	30 June 2015 (reviewed)	30 June 2014 (reviewed)
HOTEL OPERATIONS				
Revenue	1,729,330	1,742,791	3,458,774	3,442,591
Operating costs	(1,292,325)	(1,281,844)	(2,533,356)	(2,520,304)
Depreciation of hotel	(350,355)	(291,714)	(672,629)	(583,882)
Profit from hotel operations	86,650	169,233	252,789	338,405
INVESTMENT ACTIVITIES				
Dividend income	-	6,534	170,412	166,537
Share of profit of associate	379,809	338,926	716,424	609,599
Impairment of AFS Investments	(25,000)	-	(25,000)	-
Provision for bad and doubtful debts	(8,200)	-	(8,200)	-
Net property income	15,800	17,889	33,288	38,130
Interest income	17,759	14,599	39,905	28,907
Net loss from travel division activities	(4,202)	(6,818)	(4,986)	(867)
Other income	3,884	2,744	6,584	8,490
Income from investment activities	379,850	373,874	928,427	850,796
General and administrative expenses	(125,415)	(140,317)	(140,738)	(370,306)
PROFIT FOR THE PERIOD	341,085	402,790	1,040,478	818,895
Other comprehensive income Items that are or may be reclassified subsequently to profit or loss:				
Available-for-sale investments:				
Net change in fair value	214,246	282,794	381,680	178,481
Share of fair value reserve of associate	31,719	(13,563)	62,066	20,937
Total other comprehensive income for the period	245,965	269,231	443,746	199,418
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	587,050	672,021	1,484,224	1,018,313
Basic and diluted earnings per share of 100 fils for the period	4.7 fils	6.1 fils	14.4 fils	12.5 fils

Hamed Mohd A. K. Al Awadhi
ChairmanAdel Hussain Al-Maskati
Vice ChairmanAbdulnabi Daylami
Chief Executive Officer

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2015

Bahraini dinars

2015	Share capital	Treasury shares	Statutory reserve	Capital and development reserves	Fair value reserve	Retained earnings	Total
(reviewed)							
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	-	-	-	-	-	1,040,478	1,040,478
<i>Other comprehensive income</i>							
Net change in fair value of available-for-sale investments	-	-	-	-	381,680	-	381,680
Share in fair value reserve of associate	-	-	-	-	62,066	-	62,066
<i>Total other comprehensive income for the period</i>	-	-	-	-	443,746	-	443,746
Total comprehensive income for the period	-	-	-	-	443,746	1,040,478	1,484,224
Charity donations approved for 2014	-	-	-	-	-	(15,000)	(15,000)
Transactions with the owners of the Company recognised directly in equity.							
Dividend declared for 2014	-	-	-	-	-	(864,000)	(864,000)
Balance at 30 June 2015	7,200,000	-	3,600,000	12,758,242	4,159,649	6,601,627	34,319,518

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2015 (continued)

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
<i>Other comprehensive income</i>							
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
<i>Total other comprehensive income for the period</i>	-	-	-	-	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)
Transactions with the owners of the Company recognised directly in equity.							
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 CASH FLOWS
for the six months ended 30 June 2015

Bahraini dinars

	30 June 2015 (reviewed)	30 June 2014 (reviewed)
OPERATING ACTIVITIES		
Cash received from customers	3,572,947	3,451,522
Rent received	46,254	65,191
Payment to suppliers	(888,449)	(1,001,524)
Payments for staff salaries and related costs	(1,184,645)	(1,298,094)
Payments for other overhead expenses	(942,279)	(712,595)
Payments for hotel renovation and new hotel project	(323,201)	(867,860)
Net cash generated from /(used in) operating activities	280,627	(363,360)
INVESTING ACTIVITIES		
Interest received	37,721	29,804
Dividend received	870,412	666,537
Other receipts	6,532	5,134
Proceeds from redemption of available-for-sale investments	-	41,190
Payments for acquisition of property and equipment	(175,005)	(4,265)
Placement of Bank Deposits	(4,921,312)	-
Net cash (used in)/generated from investing activities	(4,181,653)	738,400
FINANCING ACTIVITIES		
Dividends paid	(866,158)	(900,633)
Charity paid	(2,500)	-
Net cash used in financing activities	(868,658)	(900,633)
Net decrease in cash and cash equivalents during the period	(4,769,684)	(525,593)
Cash and cash equivalents at beginning of the period	6,978,432	5,502,433
Cash and cash equivalents at end of the period	2,208,748	4,976,840
CASH AND CASH EQUIVALENTS:		
Cash and bank balances	1,155,882	841,215
Short-term bank deposits	1,052,866	4,135,625
	2,208,748	4,976,840

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

NOTES**to the 30 June 2015 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.

During Q1 2015, the Company received two non-binding offers; one to take over 100% of the shares through a share swap; and the other to merger with another Company. The Company is in the process of considering its options.

2 BASIS OF PREPARATION

The condensed interim financial information for the six months ended 30 June 2015 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 2014. 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 2014.

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 2014.

- 4 The condensed interim financial information is reviewed, not audited. The corresponding figures for the condensed statement of financial have been extracted from the audited financial statements for the year ended 31 December 2014. 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 2014.

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 2014.

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 2014.

NOTES**to the 30 June 2015 condensed interim financial information**

Bahraini dinars

- 8 The Shareholders approved the following appropriations for 2014 in their Annual General Meeting held on 26 March 2015 that were effected during the period:

	2015	2014
Cash dividends	864,000	985,090
Charity donations	15,000	15,000

9 SEGMENTAL INFORMATION FOR OPERATING SEGMENTS

	Hotel Operations		Investments		Travel		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue from external customers	3,458,774	3,442,591	247,941	249,496	31,906	41,900	3,738,622	3,733,987
Income from associate	-	-	716,424	609,599	-	-	716,424	609,599
Interest income	-	-	39,905	28,907	-	-	39,905	28,907
Total segment revenue	3,458,774	3,442,591	1,004,270	888,002	31,906	41,900	4,494,951	4,372,493
Operating costs	(2,533,356)	(2,520,304)	(152,255)	(380,506)	(36,892)	(42,767)	(2,722,503)	(2,943,577)
Depreciation	(672,629)	(583,882)	(26,140)	(26,139)	-	-	(698,769)	(610,021)
Impairment of assets	-	-	(33,200)	-	-	-	(33,200)	-
Total segment costs	(3,205,985)	(3,104,186)	(211,595)	(406,645)	(36,892)	(42,767)	(3,454,472)	(3,553,598)
Segment profit /(loss)	252,789	338,405	792,675	481,357	(4,986)	(867)	1,040,478	818,895
Segment assets	16,336,964	16,852,453	19,780,737	18,980,338	81,263	89,819	36,198,964	35,922,385
Segment liabilities	(864,252)	(961,828)	(933,461)	(1,155,978)	(81,733)	(90,295)	(1,879,446)	(2,208,091)
Capital expenditure	(467,617)	(783,859)	-	-	-	-	(467,617)	(783,859)

The comparative figures of segmental revenues, costs and profit are presented for the six months ended 30 June 2014, and the comparative figures of segmental assets and liabilities are presented for the year ended 31 December 2014.

NOTES

to the 30 June 2015 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.

a) Transactions and balances with and from related parties

	30 June 2015	30 June 2014
Social insurance contributions to the parent company	27,819	29,161
Purchases of merchandise from an associate company	46,429	51,071
	30 June 2015	31 December 2014
Payable to parent company	8,249	8,312
Payable to associate company	2,779	14,212

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:

	30 June 2015 (reviewed)	30 June 2014 (reviewed)
Directors' remuneration	32,000	30,000
Directors Meeting Attendance Fees	11,100	7,400
Salary and other allowances to key management personnel	31,605	265,671
Total Compensation	74,705	303,071
Receivables	17,236	7,914

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

	30 June 2015 (reviewed)	30 June 2014 (reviewed)
Total number of shares held by Directors	316,150	316,150
As a percentage of the total number of shares outstanding	0.44%	0.48%

NOTES**to the 30 June 2015 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 286,200 (2014: BD 311, 200), 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 2015

Available-for-sale financial assets:

Quoted equity shares

Managed funds

	Level 1	Level 2	Level 3	Total
Quoted equity shares	4,713,842	-	-	4,713,842
Managed funds	-	162,305	-	162,305
	4,713,842	162,305	-	4,876,147

At 31 December 2014

Available-for-sale financial assets:

Quoted equity shares

Managed funds

	Level 1	Level 2	Level 3	Total
Quoted equity shares	4,350,482	-	-	4,350,482
Managed funds	-	143,933	-	143,933
	4,350,482	143,933	-	4,494,415

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 30 June 2015 Condensed Interim Financial Information**

Bahraini dinars

12 GENERAL AND ADMINISTRATIVE EXPENSES

	30 June 2015	30 June 2014
Staff cost	88,202	263,309
Net reversal of Bonus	(21,057)	-
Net reversal of provision indemnity	(35,755)	-
Director's remuneration	32,000	32,000
Professional Fees	19,752	16,622
Share registration fees	5,180	10,360
Insurance	22,676	21,992
Other expenses	29,740	26,023
	140,738	370,306

13 COMMITMENTS AND CONTINGENT LIABILITIES

	30 June 2015 (reviewed)	30 June 2014 (reviewed)
Letter of guarantees	201,352	206,352

As at 30 June 2015, the Company had commitments of BD 1,383,597 (2014: 1,865,801) related to the new hotel project and BD Nil (2014: 69,350) for the hotel renovation.

14 COMPARATIVES

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