

## BAHRAIN TOURISM COMPANY BSC

### 30 September 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 nine months ended 30 September 2014**

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<b>CONTENTS</b>	Page
Independent auditors' report on review of condensed interim financial information	1
<b>Condensed interim financial information</b>	
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**

12 November 2014

### **Introduction**

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

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

Bahraini dinars

	<b>30 September 2014</b> (reviewed)	31 December 2013 (audited)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and bank balances	1,009,392	913,022
Short-term bank deposits	5,749,825	4,589,411
Trade receivables	466,183	473,297
Inventory	71,389	75,322
Prepayments and other receivables	215,476	157,941
<b>Total current assets</b>	<b>7,512,265</b>	6,208,993
<b>NON-CURRENT ASSETS</b>		
Available-for-sale investments	4,631,869	4,601,404
Investment in associate company	6,010,446	5,867,308
Investment property	1,009,092	1,048,301
Property and equipment	16,017,229	16,471,334
<b>Total non-current assets</b>	<b>27,668,636</b>	27,988,347
<b>TOTAL ASSETS</b>	<b>35,180,901</b>	34,197,340
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade payables	394,525	1,087,092
Accrued expenses and other payables	805,613	739,650
Unclaimed dividend	435,329	368,354
<b>Total current liabilities</b>	<b>1,635,467</b>	2,195,096
<b>NON-CURRENT LIABILITIES</b>		
Provision for employees' leaving indemnities	518,382	441,322
<b>TOTAL LIABILITIES</b>	<b>2,153,849</b>	2,636,418
<b>TOTAL NET ASSETS</b>	<b>33,027,052</b>	31,560,922
<b>EQUITY</b>		
Share capital	7,200,000	7,200,000
Treasury shares	-	(972,295)
Statutory reserve	3,600,000	3,600,000
Capital and development reserves	12,758,242	12,758,242
Investment fair value reserve	3,563,017	3,500,723
Retained earnings	5,905,793	5,474,252
<b>TOTAL EQUITY</b> (page 4)	<b>33,027,052</b>	31,560,922

Qassim Mohamed Yousif 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 12 November 2014.

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the nine months ended 30 September 2014

Bahraini dinars

	Three months ended		Nine months ended	
	30 September 2014 (reviewed)	30 September 2013 (reviewed)	30 September 2014 (reviewed)	30 September 2013 (reviewed)
<b>HOTEL OPERATIONS</b>				
Revenue	1,328,245	1,192,505	4,770,836	4,224,404
Operating costs	(1,113,924)	(1,032,946)	(3,634,228)	(3,244,253)
Depreciation of hotel	(290,029)	(295,308)	(873,911)	(876,531)
<b>Income from hotel operations</b>	<b>(75,708)</b>	(135,749)	<b>262,697</b>	103,620
<b>INVESTMENT ACTIVITIES</b>				
Dividend income	98,670	99,474	265,207	259,855
Share of profit of associate	339,869	228,594	949,468	814,551
Profit / (loss) on sale / redemption of AFS Investment	-	(50)	3,363	1,371
Net property income	31,147	31,565	95,416	87,795
Interest income	24,796	29,983	53,703	102,729
Net income from travel division activities	(2,447)	2,361	(3,314)	10,866
Other income / (loss)	1,249	1,367	6,376	(3,396)
Depreciation of investment property	(13,070)	(13,168)	(39,209)	(39,746)
Provision for impairment on AFS Investment	-	-	-	(240)
<b>Income from investment activities</b>	<b>480,214</b>	380,126	<b>1,331,010</b>	1,233,785
General and administrative expenses	(144,566)	(123,943)	(514,872)	(503,065)
<b>PROFIT FOR THE PERIOD</b>	<b>259,940</b>	120,434	<b>1,078,835</b>	834,340
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Available-for-sale investments:				
- Net change in fair value	(109,859)	41,519	68,622	829,941
Transfer to income statement on impairment of available-for-sale investments	-	-	-	240
Share of fair value reserve of associate	(27,265)	13,124	(6,328)	(15,609)
<b>Total other comprehensive income for the period</b>	<b>(137,124)</b>	54,643	<b>62,294</b>	814,572
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>122,816</b>	175,077	<b>1,141,129</b>	1,648,912
Basic and diluted earnings per share of 100 fils for the period	<b>3.8 fils</b>	1.8 fils	<b>16.2 fils</b>	12.7 fils

Qassim Mohamed Yousif Fakhroo  
Chairman

Hamed Mohd A. K. Al Awadhi  
Vice Chairman

Abdulnabi Daylami  
Chief Executive Officer

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
for the nine months ended 30 September 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
<b>Comprehensive income:</b>							
Profit for the period	-	-	-	-	-	1,078,835	1,078,835
<b>Other comprehensive income</b>							
Net change in fair value of available-for-sale investments	-	-	-	-	68,622	-	68,622
Share in fair value reserve of associate	-	-	-	-	(6,328)	-	(6,328)
<b>Total other comprehensive income for the period</b>	-	-	-	-	62,294	-	62,294
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	-	-	<b>62,294</b>	<b>1,078,835</b>	<b>1,141,129</b>
Charity donations approved for 2013	-	-	-	-	-	(15,000)	(15,000)
<b>Transactions directly with the owners of the Company</b>							
Dividend declared for 2013	-	-	-	-	-	(985,090)	(985,090)
Treasury shares sold during the period *	-	972,295	-	-	-	-	972,295
Profit on sale of treasury shares*	-	-	-	-	-	352,796	352,796
<b>Balance at 30 September 2014</b>	<b>7,200,000</b>	<b>-</b>	<b>3,600,000</b>	<b>12,758,242</b>	<b>3,563,017</b>	<b>5,905,793</b>	<b>33,027,052</b>

\*During the period, the Company sold 6,327,365 treasury shares resulting in profit of BD 352,796.

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

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the nine months ended 30 September 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	-	-	-	-	-	834,340	834,340
<i>Other comprehensive income</i>							
Net change in fair value of available-for-sale investments	-	-	-	-	829,941	-	829,941
Amount transferred to income statement on impairment of available-for-sale investments	-	-	-	-	240	-	240
Share in fair value reserve of associate	-	-	-	-	(15,609)	-	(15,609)
<i>Total other comprehensive income for the period</i>	-	-	-	-	814,572	-	814,572
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	-	-	814,572	834,340	1,648,912
Charity donations declared for 2012	-	-	-	-	-	(15,000)	(15,000)
Transactions directly with the owners of the Company							
Dividend declared for 2012	-	-	-	-	-	(985,090)	(985,090)
Balance at 30 September 2013	7,200,000	(972,295)	3,600,000	12,758,242	3,376,881	5,221,251	31,184,079

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

**CONDENSED STATEMENT OF CASH FLOWS**  
**for the nine months ended 30 September 2014**

Bahraini dinars

	<b>30 September 2014</b> (reviewed)	30 September 2013 (reviewed)
<b>OPERATING ACTIVITIES</b>		
Cash received from customers	4,837,032	4,200,762
Rent received	94,458	103,203
Payment to suppliers	(1,247,074)	(1,066,282)
Payments for staff salaries and related costs	(1,906,299)	(1,782,860)
Payments for other overhead expenses	(1,012,431)	(853,232)
Payments for hotel renovation and new hotel project	(1,074,000)	(1,447,302)
<b>Net cash used in operating activities</b>	<b>(308,314)</b>	<b>(845,711)</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	50,548	96,002
Dividend received	1,065,208	955,668
Other receipts	7,940	7,471
Proceeds from redemption of available-for-sale investments	41,190	96,496
Placement of short-term bank deposits – net	-	(561,394)
Payments for acquisition of property and equipment	(4,265)	(72,629)
<b>Net cash generated from investing activities</b>	<b>1,160,621</b>	<b>521,614</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from sale of treasury shares	1,325,091	-
Dividends paid	(918,114)	(922,509)
Donation paid	(2,500)	-
<b>Net cash generated from / (used in) financing activities</b>	<b>404,477</b>	<b>(922,509)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	<b>1,256,784</b>	<b>(1,246,606)</b>
Cash and cash equivalents at beginning of the period	5,502,433	7,017,218
<b>Cash and cash equivalents at end of the period</b>	<b>6,759,217</b>	<b>5,770,612</b>
<b>CASH AND CASH EQUIVALENTS per statement of financial position:</b>		
Cash and bank balances	1,009,392	1,091,580
Short-term bank deposits	5,749,825	4,679,032
	<b>6,759,217</b>	<b>5,770,612</b>



**NOTES****to the 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 September 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 period:

	<b>2014</b>	2013
Cash dividends	985,090	985,090
Charity donations	15,000	15,000

**9 SEGMENTAL INFORMATION FOR OPERATING SEGMENTS**

	<b>Hotel Operations</b>		<b>Investments</b>		<b>Travel</b>		<b>Total</b>	
	<b>2014</b>	2013	<b>2014</b>	2013	<b>2014</b>	2013	<b>2014</b>	2013
Revenue from external customers	4,770,836	4,224,404	387,989	364,542	58,124	63,278	5,216,949	4,652,224
Income from associate	-	-	949,468	814,551	-	-	949,468	814,551
Interest income	-	-	53,703	102,729	-	-	53,703	102,729
<b>Total segment revenue</b>	<b>4,770,836</b>	4,224,404	<b>1,391,160</b>	1,281,822	<b>58,124</b>	63,278	<b>6,220,120</b>	5,569,504
Operating costs	(3,634,228)	(3,244,253)	(532,499)	(521,982)	(61,437)	(52,412)	(4,228,164)	(3,818,647)
Depreciation	(873,911)	(876,531)	(39,209)	(39,746)	-	-	(913,120)	(916,277)
Impairment of assets	-	-	-	(240)	-	-	-	(240)
<b>Total segment costs</b>	<b>(4,508,139)</b>	(4,120,784)	<b>(571,708)</b>	(561,968)	<b>(61,437)</b>	(52,412)	<b>(5,141,284)</b>	(4,735,164)
<b>Segment profit /(loss)</b>	<b>262,697</b>	103,620	<b>819,452</b>	719,854	<b>(3,314)</b>	10,866	<b>1,078,835</b>	834,340
Segment assets	<b>16,713,436</b>	16,999,288	<b>18,369,966</b>	16,983,386	<b>97,499</b>	214,666	<b>35,180,901</b>	34,197,340
Segment liabilities	<b>(961,846)</b>	(942,845)	<b>(1,094,209)</b>	(1,614,287)	<b>(97,794)</b>	(79,286)	<b>(2,153,849)</b>	(2,636,418)
Capital expenditure	<b>(419,895)</b>	(3,082,002)	-	-	-	-	<b>(419,895)</b>	(3,082,002)

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

**NOTES****to the 30 September 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**

	<b>30 September 2014</b>	30 September 2013
Social insurance contributions to the parent company	<b>43,537</b>	41,329
Purchases of merchandise from an associate company	<b>56,027</b>	56,027
Capital expenditure payments to director-controlled entities	-	52,917
	<b>30 September 2014</b>	31 December 2013
Payable to parent company	<b>8,443</b>	7,929
Payable to associate company	<b>8,569</b>	15,129

**b) Transactions and balances 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:

	<b>30 September 2014 (reviewed)</b>	30 September 2013 (reviewed)
Directors' remuneration	48,000	45,000
Salary and other allowances to key management personnel	360,966	345,922
Other receivables	12,273	7,567
<b>Total Compensation</b>	<b>421,239</b>	398,489

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

	<b>30 September 2014 (reviewed)</b>	30 September 2013 (reviewed)
Total number of shares held by Directors	<b>316,150</b>	458,300
As a percentage of the total number of shares outstanding	<b>0.44%</b>	0.70%

**NOTES****to the 30 September 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 September 2014**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Available-for-sale financial assets:				
Quoted equity shares	4,147,719	-	-	4,147,719
Managed funds	-	169,618	-	169,618
	<b>4,147,719</b>	<b>169,618</b>	<b>-</b>	<b>4,317,337</b>

**At 31 December 2013**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Available-for-sale financial assets:				
Quoted equity shares	4,106,207	-	-	4,106,207
Managed funds	-	180,665	-	180,665
	<b>4,106,207</b>	<b>180,665</b>	<b>-</b>	<b>4,286,872</b>

*b) Other financial assets and liabilities:*

The carrying amount of the Company's other financial assets and liabilities approximate their fair values due to their short term nature.

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

Bahraini dinars

**12 COMMITMENTS AND CONTINGENT LIABILITIES**

	<b>30 September 2014 (reviewed)</b>	30 September 2013 (reviewed)
Letter of guarantees	206,352	212,940

As at 30 September 2014, the Company had commitments of BD 2,106,730 (2013: 2,580,060) related to the new hotel project and BD 69,350 (2013: Nil) for the hotel renovation.

**13 COMPARATIVES**

The corresponding figures have been regrouped where necessary to confirm with the current period's presentation. The regroupings has not affected previously reported net profit or equity.