

**BAHRAIN TOURISM COMPANY BSC**  
**INTERIM FINANCIAL INFORMATION**  
**30 June 2012**

Hotel, property and tourism development and investment

Commercial registration : 1977

Board of Directors : Qassim Mohamed Fakhroo (*Chairman*)  
Waleed Ahmed Al Khaja (*Vice Chairman*) \*  
Thabia Abdulla Jasim Abdulla Al-Mannai \*  
Adel Hussain Al-Maskati  
Jalal Mohammed Yousuf Jalal  
Anwar Abdulla Ghuloom \*  
Hala Ali Yateem  
Abdulla Mohammed Turki AlMahmood \*

Chief Executive Officer : Abdulnabi Daylami

Offices : Crowne Plaza, PO Box 5831, Diplomatic Area  
Manama – Kingdom of Bahrain  
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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**

**INTERIM FINANCIAL INFORMATION  
for the six months ended 30 June 2012**

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## **Independent auditors' report on review of Interim Financial Information**

**To**  
**The Board of Directors**  
**Bahrain Tourism Company BSC**

8 August 2012

### **Introduction**

We have reviewed the accompanying condensed statement of financial position of Bahrain Tourism Company BSC (the "Company") as at 30 June 2012, the condensed statements of comprehensive income, changes in equity and cash flows for the six month period then ended, and explanatory notes (the "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 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 2012

Bahraini dinars

	<b>30 June 2012</b> (reviewed)	31 December 2011 (audited)
<b>CURRENT ASSETS</b>		
Cash and bank balances	816,768	810,608
Short-term bank deposits	5,403,009	5,959,336
Trade receivables	443,743	464,091
Inventory	70,709	79,662
Prepayments and other receivables	241,025	250,290
<b>Total current assets</b>	<b>6,975,254</b>	7,563,987
<b>NON-CURRENT ASSETS</b>		
Available-for-sale investments	3,851,391	3,735,545
Investment in associate company	4,996,475	4,782,071
Investment property	1,124,218	1,150,478
Property and equipment	14,934,996	14,800,103
<b>Total non-current assets</b>	<b>24,907,080</b>	24,468,197
<b>TOTAL ASSETS</b>	<b>31,882,334</b>	32,032,184
<b>CURRENT LIABILITIES</b>		
Trade payables	452,521	843,515
Accrued expenses and other payables	885,149	649,769
Dividends payable	416,427	340,272
<b>Total current liabilities</b>	<b>1,754,097</b>	1,833,556
<b>NON-CURRENT LIABILITIES</b>		
Provision for employees' leaving indemnity	332,590	297,386
<b>TOTAL LIABILITIES</b>	<b>2,086,687</b>	2,130,942
<b>TOTAL NET ASSETS</b>	<b>29,795,647</b>	29,901,242
<b>EQUITY</b>		
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
Investments fair value reserve	2,529,475	2,383,141
Retained earnings	4,680,225	4,932,154
<b>TOTAL EQUITY</b>	<b>29,795,647</b>	29,901,242

Qassim Mohamed Fakhro  
*Chairman*

Waleed Ahmed Al Khaja  
*Vice Chairman*

Abdulnabi Daylami  
*Chief Executive Officer*

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 9 on 8 August 2012.

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**for the six months ended 30 June 2012**

Bahraini dinars

	<b>Three months ended 30 June 2012 (Reviewed)</b>	Three months ended 30 June 2011 (Reviewed)	<b>Six months ended 30 June 2012 (Reviewed)</b>	Six months ended 30 June 2011 (Reviewed)
<b>HOTEL OPERATIONS</b>				
Revenue	1,293,862	790,691	2,547,667	2,096,840
Operating costs	(988,047)	(768,177)	(1,929,889)	(1,759,823)
<b>PROFIT BEFORE DEPRECIATION</b>	<b>305,815</b>	<b>22,514</b>	<b>617,778</b>	<b>337,017</b>
Depreciation of hotel and conference center	(301,642)	(276,441)	(604,210)	(558,948)
<b>Profit / (loss) from hotel operations</b>	<b>4,173</b>	<b>(253,927)</b>	<b>13,568</b>	<b>(221,931)</b>
<b>INVESTMENT ACTIVITIES</b>				
Dividend income	6,293	18,531	171,337	173,443
Interest income	30,627	36,714	65,902	78,723
Other income	10,218	11,645	19,053	8,998
Profit on sale of AFS investments	9,900	546	9,900	1,883
Share of profit of associate	286,502	247,992	521,502	471,671
Property income	33,057	49,412	73,371	104,469
Depreciation of investment property	(13,130)	(13,130)	(26,260)	(26,260)
Provision for impairment on available for sale investments	(15,621)	(3,201)	(15,621)	(3,539)
<b>Profit from investment activities</b>	<b>347,846</b>	<b>348,509</b>	<b>819,184</b>	<b>809,388</b>
<b>TOTAL INCOME</b>	<b>352,019</b>	<b>94,582</b>	<b>832,752</b>	<b>587,457</b>
General and administrative expenses	(179,798)	(90,955)	(281,610)	(270,449)
<b>PROFIT FOR THE PERIOD</b>	<b>172,221</b>	<b>3,627</b>	<b>551,142</b>	<b>317,008</b>
<b>Other comprehensive income</b>				
Fair value reserve (Available for sale investments):				
Net change in fair value	182,699	215,076	142,109	(136,438)
Transfer to income statement on sale	(8,800)	-	(8,800)	-
Transfer to income statement on impairment	123	3,201	123	3,539
Share in fair value reserve of associate	405	30,618	12,902	(22,441)
<b>Total other comprehensive income for the period</b>	<b>174,427</b>	<b>248,895</b>	<b>146,334</b>	<b>(155,340)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>346,648</b>	<b>252,522</b>	<b>697,476</b>	<b>161,668</b>
Earnings per share of 100 fils for the period	<b>2.6 fils</b>	0 fils	<b>8.4 fils</b>	4.8 fils

Qassim Mohamed Fakhroo  
Chairman

Waleed Ahmed Al Khaja  
Vice Chairman

Abdulnabi Daylami  
Chief Executive Officer

The condensed interim financial information consists of pages 2 to 9.

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the six months ended 30 June 2012**

Bahraini dinars

2012	Share capital	Treasury shares	Statutory reserve	Capital and development reserves	Fair value reserve	Retained earnings	Total
(reviewed)							
At 1 January 2012	7,200,000	(972,295)	3,600,000	12,758,242	2,383,141	4,932,154	29,901,242
<b>Comprehensive income:</b>							
Profit for the period						551,142	551,142
<b>Other comprehensive income:</b>							
Fair value reserve (Available for sale investments):							
Net change in fair value	-	-	-	-	142,109	-	142,109
Amount transferred to income statement on sale					(8,800)	-	(8,800)
Amount transferred to income statement on impairment	-	-	-	-	123	-	123
Share in fair value reserve of associate	-	-	-	-	12,902	-	12,902
<b>Total other comprehensive income for the period</b>	-	-	-	-	<b>146,334</b>	<b>551,142</b>	<b>697,476</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>7,200,000</b>	<b>(972,295)</b>	<b>3,600,000</b>	<b>12,758,242</b>	<b>2,529,475</b>	<b>5,483,296</b>	<b>30,598,718</b>
<b>Transactions with owners of the Company recognized directly in equity</b>							
Dividend declared (2011)	-	-	-	-	-	(788,071)	(788,071)
Charity donations approved (2011)	-	-	-	-	-	(15,000)	(15,000)
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	<b>(803,071)</b>	<b>(803,071)</b>
<b>At 30 June 2012</b>	<b>7,200,000</b>	<b>(972,295)</b>	<b>3,600,000</b>	<b>12,758,242</b>	<b>2,529,475</b>	<b>4,680,225</b>	<b>29,795,647</b>

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the six months ended 30 June 2012**

Bahraini dinars

2011 (reviewed)	Share capital	Treasury shares	Statutory reserve	Capital and development reserves	Fair value reserve	Retained earnings	Total
At 1 January 2011	7,200,000	(972,295)	3,600,000	5,371,637	2,607,214	12,715,058	30,521,614
Comprehensive income:							
Profit for the period	-	-	-	-	-	317,008	317,008
Other comprehensive income:							
Fair value reserve (Available for sale investments):							
Net change in fair value	-	-	-	-	(136,438)	-	(136,438)
Net amount transferred to income statement	-	-	-	-	3,539	-	3,539
Share in fair value reserve of associate	-	-	-	-	(22,441)	-	(22,441)
Total other comprehensive income for the period	-	-	-	-	(155,340)	-	(155,340)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	-	-	(155,340)	317,008	161,668
Transactions with owners of the Company recognized directly in equity							
Dividend declared (2010)	-	-	-	-	-	(1,313,453)	(1,313,453)
Charity donations approved (2010)	-	-	-	-	-	(15,000)	(15,000)
Transfer to capital development reserves	-	-	-	7,386,605	-	(7,386,605)	-
Total transactions with owners of the Company	-	-	-	7,386,605	-	(8,715,058)	(1,328,453)
At 30 June 2011	7,200,000	(972,295)	3,600,000	12,758,242	2,451,874	4,317,008	29,354,829

The condensed interim financial information consists of pages 2 to 9.

**CONDENSED STATEMENT OF CASH FLOWS**  
**for the six months ended 30 June 2012**

Bahraini dinars

	<b>30 June 2012</b> (reviewed)	30 June 2011 (reviewed)
<b>OPERATING ACTIVITIES</b>		
Cash received from customers	2,573,273	2,264,741
Rent received	69,150	111,070
Payment to suppliers	(790,664)	(393,818)
Payment for staff salaries and related costs	(654,114)	(534,262)
Payment for other overhead expenses	(888,270)	(1,310,374)
<b>Net cash generated from operating activities</b>	<b>309,375</b>	137,357
<b>INVESTING ACTIVITIES</b>		
Interest received	63,278	83,529
Dividend received	491,337	369,885
Capital expenditure on hotel	(732,108)	(1,905,535)
Proceeds from sale of available-for-sale investments	12,100	11,845
Disposal of property and equipment	-	1,100
Other receipts	17,767	3,903
<b>Net cash used in investing activities</b>	<b>(147,626)</b>	(1,435,273)
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(711,916)	(1,245,591)
Charity paid	-	(7,500)
<b>Net cash used in financing activities</b>	<b>(711,916)</b>	(1,253,091)
<b>Net decrease in cash and cash equivalents</b>	<b>(550,167)</b>	(2,551,007)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	6,769,944	9,540,408
<b>CASH AND CASH EQUIVALENTS AT 30 June</b>	<b>6,219,777</b>	6,989,401
CASH AND CASH EQUIVALENTS per statement of financial position:		
Cash and bank balances	816,768	1,137,703
Short-term bank deposits	5,403,009	5,851,698
	<b>6,219,777</b>	6,989,401



**NOTES****to the 30 June 2012 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, 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 Organization, 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.

**2 BASIS OF PREPARATION**

The condensed interim financial information for the six months ended 30 June 2012 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 2011.

**3 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 audited financial statements of the Company for the year ended 31 December 2011. There are no new IFRSs or IFRICs that are effective for the first time for this interim period that would be expected to have a material impact on the Company.

**4 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 2011.

**5 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.

**6 ESTIMATES**

The preparation of 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 2011.

7 The corresponding figures for the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2011. The corresponding figures for the condensed statements of comprehensive income, changes in equity and cash flows have been extracted from the reviewed condensed financial information for the six months ended 30 June 2011.

8 The condensed interim financial information has been reviewed, not audited.

**NOTES****to the 30 June 2012 Interim Financial Information**

Bahraini dinars

- 9 The Shareholders approved the following appropriations for 2011 in their Annual General Meeting held on 28 March 2012 that were effected during the period:

	<b>2012</b>	2011
Transfer to Capital and Development reserve from retained earnings	-	7,386,605
Dividends	788,071	1,313,453
Charity donations	15,000	15,000

- 10 Segmental information for operating segments:

	<b>Hotel Operations</b>		<b>Investments</b>		<b>Travels</b>		<b>Total</b>	
	<b>2012</b>	2011	<b>2012</b>	2011	<b>2012</b>	2011	<b>2012</b>	2011
Revenue from external customers	2,547,667	2,096,840	269,337	292,963	13,276	2,031	2,830,280	2,391,834
Income from Associate	-	-	521,502	471,671	-	-	521,502	471,671
Interest income	-	-	65,902	78,723	-	-	65,902	78,723
<b>Total segment revenue</b>	<b>2,547,667</b>	2,096,840	<b>856,741</b>	843,357	<b>13,276</b>	2,031	<b>3,417,684</b>	2,942,228
Operating costs	(1,929,889)	(1,759,823)	(290,562)	(276,650)	-	-	(2,220,451)	(2,036,473)
Depreciation	(604,210)	(558,948)	(26,260)	(26,260)	-	-	(630,470)	(585,208)
Impairment of assets	-	-	(15,621)	(3,539)	-	-	(15,621)	(3,539)
<b>Total segment costs</b>	<b>(2,534,099)</b>	(2,318,771)	<b>(332,443)</b>	(306,449)	-	-	<b>(2,866,542)</b>	(2,625,220)
<b>Segment profit/(loss)</b>	<b>13,568</b>	(221,931)	<b>524,298</b>	536,908	<b>13,276</b>	2,031	<b>551,142</b>	317,008
Segment assets	15,142,751	15,116,490	16,490,131	16,707,090	249,452	208,604	31,882,334	32,032,184
Segment liabilities	(754,355)	(900,510)	(1,264,467)	(1,184,630)	(67,865)	(45,802)	(2,086,687)	(2,130,942)
Capital expenditure	(738,803)	(1,957,206)	-	-	-	-	(738,803)	(1,957,206)

The comparative figures of segmental revenues, costs and profit are presented for the period ended 30 June 2011, and the comparative figures of segmental assets and liabilities are presented for the year ended 31 December 2011.

**NOTES****to the 30 June 2012 Interim Financial Information**

Bahraini dinars

## 11 Related party transactions

*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:

	<b>30 June 2012</b> (reviewed)	30 June 2011 (reviewed)
<b>Compensation</b>		
Directors' remuneration	30,000	32,000
Salary and other allowances to key management personnel	181,970	181,433
<b>Total compensation</b>	<b>211,970</b>	213,433

*Entities in which directors are interested*

Transactions with entities controlled by directors, or over which they exert significant influence, are conducted on a normal commercial basis. There were capital expenditure payments made to director-controlled entities where the directors were interested.

Transactions and balances with them are as follows:

	<b>30 June 2012</b> (reviewed)	30 June 2011 (reviewed)
Capital expenditure payments to director-controlled entities	<b>155,250</b>	<b>Nil</b>

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

	<b>30 June 2012</b> (reviewed)	31 December 2011 (audited)
Total number of shares held by Directors	<b>458,300</b>	458,300
As a percentage of the total number of shares outstanding	<b>0.70%</b>	0.70%

## 12 Commitments and contingent liabilities

	<b>30 June 2012</b> (reviewed)	31 December 2011 (reviewed)
Letter of guarantees	<b>212,940</b>	212,940