

BAHRAIN TOURISM COMPANY BSC
INTERIM FINANCIAL INFORMATION
30 June 2011

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

Chief Executive Officer : Abdulnabi 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

**INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2011**

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Independent auditors' report on review of Interim Financial Information

To
The Board of Directors
Bahrain Tourism Company BSC

10 August 2011

Introduction

We have reviewed the accompanying condensed statement of financial position of Bahrain Tourism Company BSC (the "Company") as at 30 June 2011, and the related condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended (interim financial information). The Board of Directors of the Company is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standard IAS 34 - *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with 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 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 2011

Bahraini dinars

	30 June 2011 (reviewed)	31 December 2010 (audited)
CURRENT ASSETS		
Cash and bank balances	1,137,703	1,182,849
Short-term bank deposits	5,851,698	8,357,559
Trade receivables	365,944	544,343
Inventory	77,351	76,639
Prepayments and other receivables	272,077	370,793
Total current assets	7,704,773	10,532,183
NON-CURRENT ASSETS		
Available-for-sale investments	3,747,699	3,893,262
Investment in associate company	4,470,675	4,221,448
Investment property	1,176,739	1,202,998
Property and equipment	14,469,578	13,072,429
Total non-current assets	23,864,691	22,390,137
TOTAL ASSETS	31,569,464	32,922,320
CURRENT LIABILITIES		
Trade payables	1,013,927	973,312
Accrued expenses and other payables	562,844	853,742
Dividends payable	348,349	280,488
Total current liabilities	1,925,120	2,107,542
NON-CURRENT LIABILITIES		
Provision for employees' leaving indemnity	289,515	293,164
TOTAL LIABILITIES	2,214,635	2,400,706
TOTAL NET ASSETS	29,354,829	30,521,614
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	5,371,637
Investments fair value reserve	2,451,874	2,607,214
Retained earnings	4,317,008	12,715,058
TOTAL EQUITY	29,354,829	30,521,614

Qassim Mohamed Fakhroo
Chairman

Waleed Ahmed Al Khaja
Vice Chairman

Abdulnabi Daylami
Chief Executive Officer

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2011

Bahraini dinars

	Three months ended 30 June 2011 (Reviewed)	Three months ended 30 June 2010 (Reviewed)	Six months ended 30 June 2011 (Reviewed)	Six months ended 30 June 2010 (Reviewed)
HOTEL OPERATIONS				
Revenue	790,691	2,393,524	2,096,840	4,754,059
Operating costs	(768,177)	(1,365,114)	(1,759,823)	(2,688,482)
PROFIT BEFORE DEPRECIATION	22,514	1,028,410	337,017	2,065,577
Depreciation of hotel and conference center	(276,441)	(283,379)	(558,948)	(496,527)
Profit from hotel operations	(253,927)	745,031	(221,931)	1,569,050
INVESTMENT ACTIVITIES				
Dividend income	18,531	13,812	173,443	160,129
Provision for impairment on available for sale investments	(3,201)	(16,040)	(3,539)	(19,826)
Profit on redemption of AFS investments	546	-	1,883	-
Share of profit of associate	247,992	317,599	471,671	592,661
Property income	49,412	81,485	104,469	162,103
Depreciation of investment property	(13,130)	(12,861)	(26,260)	(25,722)
Other income	11,501	15,276	5,003	17,331
Foreign exchange (loss) / gain	144	(1,001)	3,995	(8,927)
Interest income	36,714	56,574	78,723	118,496
Profit from investment activities	348,509	454,844	809,388	996,245
TOTAL INCOME	94,582	1,199,875	587,457	2,565,295
General and administrative expenses	(90,955)	(88,401)	(270,449)	(255,972)
PROFIT FOR THE PERIOD	3,627	1,111,474	317,008	2,309,323
Other comprehensive income				
Fair value reserve (Available for sale investments):				
Net change in fair value	215,076	(185,814)	(136,438)	(191,553)
Transfer to income statement	3,201	16,040	3,539	19,826
Share in fair value reserve of associate	30,618	(37,576)	(22,441)	(22,976)
Total other comprehensive income for the period	248,895	(207,350)	(155,340)	(194,703)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	252,522	904,124	161,668	2,114,620
Earnings per share of 100 fils for the period	0 fils	17.0 fils	4.8 fils	35.2 fils

Qassim Mohamed Fakhro
Chairman

Waleed Ahmed Al Khaja
Vice Chairman

Abdulnabi Daylami
Chief Executive Officer

The interim financial information consists of pages 2 to 9.

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2011

Bahraini dinars

2011	Share capital	Treasury shares	Statutory reserve	Capital and development reserves	Fair value reserve	Retained earnings	Total
(reviewed)							
At 1 January	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)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	(155,340)	317,008	161,668
Transactions with owners of the Company, recognized directly to 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	7,200,000	(972,295)	3,600,000	12,758,242	2,451,874	4,317,008	29,354,829

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2011

Bahraini dinars

2010 (reviewed)	Share capital	Treasury shares	Statutory reserve	Capital and development reserves	Fair value reserve	Retained earnings	Total
At 1 January	7,200,000	(972,295)	3,600,000	5,371,637	2,405,859	10,493,310	28,098,511
Comprehensive income:							
Profit for the period	-	-	-	-	-	2,309,323	2,309,323
Other comprehensive income							
Fair value reserve (Available for sale investments):							
Net change in fair value	-	-	-	-	(191,553)	-	(191,553)
Net amount transferred to income statement	-	-	-	-	19,826	-	19,826
Share in fair value reserve of associate	-	-	-	-	(22,976)	-	(22,976)
Total other comprehensive income for the period	-	-	-	-	(194,703)	-	(194,703)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	(194,703)	2,309,323	2,114,620
Transactions with owners of the Company, recognized directly to equity							
Dividend declared (2009)	-	-	-	-	-	(1,313,453)	(1,313,453)
Charity donations approved (2009)	-	-	-	-	-	(15,000)	(15,000)
Directors' remuneration declared (2009)	-	-	-	-	-	(64,000)	(64,000)
Total transactions with owners of the Company	-	-	-	-	-	(1,392,453)	(1,392,453)
At 30 June	7,200,000	(972,295)	3,600,000	5,371,637	2,211,156	11,410,180	28,820,678

CONDENSED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2011

Bahraini dinars

	30 June 2011 (reviewed)	30 June 2010 (reviewed)
OPERATING ACTIVITIES		
Cash received from customers	2,264,741	4,627,557
Rent received	111,070	172,329
Payment to suppliers	(393,818)	(940,389)
Staff salaries and related costs	(534,262)	(871,689)
Overhead expenses	(1,310,374)	(1,211,052)
Cash flows from operating operations	137,357	1,776,756
INVESTING ACTIVITIES		
Interest received	83,529	118,496
Dividend received	369,885	460,129
Capital expenditure on hotel	(1,905,535)	(920,189)
Purchase of available-for-sale investments	-	(40,540)
Proceeds from redemption of available-for-sale investments	11,845	18,153
Disposal of property and equipment	1,100	-
Other receipts	3,903	17,331
Cash flows used in investing activities	(1,435,273)	(346,620)
FINANCING ACTIVITIES		
Dividends paid	(1,245,591)	(1,266,503)
Charity paid	(7,500)	(10,000)
Cash flows used in financing activities	(1,253,091)	(1,276,503)
Net (decrease) increase in cash and cash equivalents	(2,551,007)	153,633
CASH AND CASH EQUIVALENTS AT 1 JANUARY	9,540,408	8,786,647
CASH AND CASH EQUIVALENTS AT 30 June	6,989,401	8,940,280
CASH AND CASH EQUIVALENTS per statement of financial position:		
Cash and bank balances	1,137,703	1,060,991
Short-term bank deposits	5,851,698	7,879,289
	6,989,401	8,940,280

NOTES**to the 30 June 2011 Interim Financial Information**

Bahraini dinars

- 1 The interim financial information has been prepared in accordance with International Financial Reporting Standard IAS 34 - *Interim Financial Reporting*, which permits the interim financial information to be in summarized form.
- 2 The 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 2010. The 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 2010.
- 3 The corresponding figures for the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2010. The corresponding figures for the condensed statements of comprehensive income, changes in equity and cash flows have been extracted from the reviewed financial information for the period ended 30 June 2010.
- 4 The interim financial information is unaudited but has been reviewed by KPMG and their review report is set out on page 1.
- 5 The interim financial results may not represent a proportionate share of the annual profits, due to the seasonal variability in room occupancy and ticket sales.
- 6 The Shareholders approved the following appropriations in their Annual General Meeting held on 30 March 2011:

	2011	2010
Transfer to Capital and Development reserve from retained earnings	7,386,605	-
Dividends	1,313,453	1,313,453
Charity donations	15,000	15,000

The Annual General Meeting also approved directors' remuneration of BD 64,000 (2009: BD 64,000).

NOTES**to the 30 June 2011 Interim Financial Information**

Bahraini dinars

7 Segmental information for operating segments:

	Hotel Operations		Investments		Unallocated		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenue from external customers	2,096,840	4,754,059	292,963	342,705	2,031	5,855	2,391,834	5,102,619
Income from Associate	-	-	471,671	592,661	-	-	471,671	592,661
Interest income	-	-	78,723	118,496	-	-	78,723	118,496
Total segment revenue	2,096,840	4,754,059	843,357	1,053,862	2,031	5,855	2,942,228	5,813,776
Operating costs	(1,759,823)	(2,688,482)	(276,650)	(273,896)	-	-	(2,036,473)	(2,962,378)
Depreciation	(558,948)	(496,527)	(26,260)	(25,722)	-	-	(585,208)	(522,249)
Impairment of assets	-	-	(3,539)	(19,826)	-	-	(3,539)	(19,826)
Total segment costs	(2,318,771)	(3,185,009)	(306,449)	(319,444)	-	-	(2,625,220)	(3,504,453)
Segment profit/(loss)	(221,931)	1,569,050	536,908	734,418	2,031	5,855	317,008	2,309,323
Segment assets	14,683,239	13,828,279	16,631,370	18,873,470	254,855	220,571	31,569,464	32,922,320
Segment liabilities	(820,044)	(1,153,058)	(1,299,629)	(1,207,456)	(94,962)	(40,192)	(2,214,635)	(2,400,706)
Capital expenditure	(1,957,206)	(885,435)	-	-	-	-	(1,957,206)	(885,435)

The comparative figures of segmental revenues, costs and profit are presented for the period ended 30 June 2010, and the comparative figures of segmental assets and liabilities are presented for the year ended 31 December 2010.

8 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:

	30 June 2011 (reviewed)	30 June 2010 (reviewed)
Compensation		
Directors' remuneration	32,000	32,000
Salary and other allowances to key management personnel	181,433	170,939
Total compensation	213,433	202,939

NOTES**to the 30 June 2011 Interim Financial Information**

Bahraini dinars

*8 Related party transactions (continued)**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.

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

	30 June 2011 (reviewed)	30 June 2010 (reviewed)
Total number of shares held by Directors	876,169	876,169
As a percentage of the total number of shares outstanding	1.33%	1.33%

9 Commitments and contingent liabilities

	30 June 2011 (reviewed)	30 June 2010 (reviewed)
Letter of guarantees	192,558	225,588

The Company is in the process of construction of the new car park building, the total estimated cost for which is BD 5,077,000. Total cost incurred by the Company on the project till 30 June 2011 is BD 4,225,941 (30 June 2010: 836,601).