

BAHRAIN TOURISM COMPANY BSC
CONDENSED INTERIM FINANCIAL
INFORMATION
31 March 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 : Abdalnabi Daylami

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

Auditors and registrars : KPMG

* Representatives of Social Insurance Organization

Bahrain Tourism Company BSC

**CONDENSED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2012**

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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

9 May 2012

Introduction

We have reviewed the accompanying condensed statement of financial position of Bahrain Tourism Company BSC (the "Company") as at 31 March 2012, the condensed statements of comprehensive income, changes in equity and cash flows for the three 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 31 March 2012

Bahraini dinars

	31 March 2012 (reviewed)	31 December 2011 (audited)
ASSETS		
Property and equipment	14,848,356	14,800,103
Available-for-sale investments	3,695,622	3,735,545
Investment in associate company	4,709,567	4,782,071
Investment property	1,137,348	1,150,478
Total non-current assets	24,390,893	24,468,197
Cash and bank balances	1,514,518	810,608
Short-term bank deposits	5,929,236	5,959,336
Trade receivables	341,480	464,091
Inventory	67,073	79,662
Prepayments and other receivables	382,699	250,290
Total current assets	8,235,006	7,563,987
TOTAL ASSETS	32,625,899	32,032,184
LIABILITIES		
Trade payables	697,296	843,515
Accrued expenses and other payables	1,043,918	649,769
Dividend payable	1,124,628	340,272
Total current liabilities	2,865,842	1,833,556
Provision for employees' leaving indemnities	311,058	297,386
TOTAL LIABILITIES	3,176,900	2,130,942
TOTAL NET ASSETS	29,448,999	29,901,242
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	2,355,048	2,383,141
Retained earnings	4,508,004	4,932,154
TOTAL EQUITY (page 4)	29,448,999	29,901,242

Qassim Mohamed Fakhroo
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 9 May 2012.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 31 March 2012

Bahraini dinars

	31 March 2012 (reviewed)	31 March 2011 (reviewed)
HOTEL OPERATIONS		
Revenue	1,253,805	1,306,149
Operating costs	(941,842)	(991,646)
PROFIT BEFORE DEPRECIATION	311,963	314,503
Depreciation of hotel and conference center	(302,568)	(282,507)
Profit from hotel operations	9,395	31,996
INVESTMENT ACTIVITIES		
Dividend income	165,044	154,912
Provision for impairment on available-for-sale investments	-	(338)
Share of profit of associate	235,000	223,679
Property income	40,314	55,057
Depreciation of investment property	(13,130)	(13,130)
Other income / (loss)	8,835	(1,310)
Interest income	35,275	42,009
Income from investment activities	471,338	460,879
TOTAL INCOME	480,733	492,875
GENERAL AND ADMINISTRATIVE EXPENSES	(101,812)	(179,494)
PROFIT FOR THE PERIOD	378,921	313,381
Other comprehensive income		
Fair value reserve (Available-for-sale investments):		
Net change in fair value	(40,590)	(351,514)
Transfer to income statement	-	338
Share in fair value reserve of associate	12,497	(53,059)
Total other comprehensive income for the period	(28,093)	(404,235)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	350,828	(90,854)
Earnings per share of 100 fils for the period	5.8 Fils	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 three months ended 31 March 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
Comprehensive income:							
Profit for the period	-	-	-	-	-	378,921	378,921
Other comprehensive income							
Fair value reserve (Available-for-sale investments):							
Net change in fair value	-	-	-	-	(40,590)	-	(40,590)
Share in fair value reserve of associate	-	-	-	-	12,497	-	12,497
Total other comprehensive income for the period	-	-	-	-	(28,093)	-	(28,093)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	(28,093)	378,921	350,828
Dividend declared (2011)	-	-	-	-	-	(788,071)	(788,071)
Charity donations approved (2011)	-	-	-	-	-	(15,000)	(15,000)
At 31 March 2012	7,200,000	(972,295)	3,600,000	12,758,242	2,355,048	4,508,004	29,448,999

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 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	-	-	-	-	-	313,381	313,381
Other comprehensive income							
Fair value reserve (Available for sale investments):							
Net change in fair value	-	-	-	-	(351,514)	-	(351,514)
Net amount transferred to income statement	-	-	-	-	338	-	338
Share in fair value reserve of associate	-	-	-	-	(53,059)	-	(53,059)
Total other comprehensive income for the period	-	-	-	-	(404,235)	-	(404,235)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	(404,235)	313,381	(90,854)
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)	-
At 31 March 2011	7,200,000	(972,295)	3,600,000	12,758,242	2,202,979	4,313,381	29,102,307

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

CONDENSED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2012

Bahraini dinars

	31 March 2012 (reviewed)	31 March 2011 (reviewed)
OPERATING ACTIVITIES		
Cash received from customers	1,370,166	1,457,390
Rent received	37,273	39,487
Payment to suppliers	(382,381)	(238,209)
Staff salaries and related costs	(275,208)	(324,156)
Overhead expenses	(340,226)	(697,360)
Cash flows from operating operations	409,624	237,152
INVESTING ACTIVITIES		
Interest received	33,290	42,753
Dividend received	344,347	226,656
Capital expenditure on hotel	(115,065)	(1,129,441)
Proceeds from redemption of available-for-sale investments	1,059	3,759
Other receipts / (payments)	4,270	(6,883)
Cash flows from / (used in) investing activities	267,901	(863,156)
FINANCING ACTIVITIES		
Dividends paid	(3,715)	(5,762)
Cash flows used in financing activities	(3,715)	(5,762)
Net increase / (decrease) in cash and cash equivalents	673,810	(631,766)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	6,769,944	9,540,408
CASH AND CASH EQUIVALENTS AT 31 March	7,443,754	8,908,642
CASH AND CASH EQUIVALENTS per statement of financial position		
Cash and bank balances	1,514,518	462,583
Short-term bank deposits	5,929,236	8,446,059
	7,443,754	8,908,642

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

NOTES**to the 31 March 2012 Condensed Interim Financial Information**

Bahraini dinars

- 1 The condensed interim financial information 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.
- 2 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.
- 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 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 three months ended 31 March 2011.
- 4 The condensed 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 and variability of investment activities.
- 6 The Shareholders approved the following appropriations for 2011 in their Annual General Meeting held on 28 March 2012 that were effected during the quarter:

	2012	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

NOTES**to the 31 March 2012 Condensed Interim Financial Information**

Bahraini dinars

7 Segmental information for operating segments:

	Hotel Operations		Investments		Unallocated		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenue from external customers	1,253,805	1,306,149	216,317	214,524	2,537	(8,245)	1,472,659	1,512,428
Income from associate	-	-	235,000	223,679	-	-	235,000	223,679
Interest income	-	-	35,275	42,009	-	-	35,275	42,009
Total segment revenue	1,253,805	1,306,149	486,592	480,212	2,537	(8,245)	1,742,934	1,778,116
Operating costs	(941,842)	(991,646)	(106,473)	(177,114)	-	-	(1,040,315)	(1,168,760)
Depreciation	(302,568)	(282,507)	(13,130)	(13,130)	-	-	(315,698)	(295,637)
Impairment of assets	-	-	-	(338)	-	-	-	(338)
Total segment costs	(1,244,410)	(1,274,153)	(119,603)	(190,582)	-	-	(1,364,013)	(1,464,735)
Segment profit	9,395	31,996	366,989	289,630	2,537	(8,245)	378,921	313,381
Segment assets	15,198,973	15,116,490	17,200,798	16,707,091	226,128	208,604	32,625,899	32,032,185
Segment liabilities	(838,912)	(900,510)	(2,258,686)	(1,184,630)	(79,302)	(45,803)	(3,176,900)	(2,130,943)
Capital expenditure	(46,890)	(773,112)	-	-	-	-	(46,890)	(773,112)

The comparative figures of segmental revenues, costs and profit are presented for the three months ended 31 March 2011, and the comparative figures of segmental assets and liabilities are presented for the year ended 31 December 2011.

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:

	31 March 2012 (reviewed)	31 March 2011 (reviewed)
Directors' remuneration	15,000	16,000
Salary and other allowances to key management personnel	52,938	128,308
	67,938	144,308

NOTES**to the 31 March 2012 Condensed 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. There were capital expenditure payments made to director-controlled entities where the directors were interested.

Transactions and balances with them are as follows:

	31 March 2012 (reviewed)	31 March 2011 (reviewed)
Capital expenditure payments to director-controlled entities	155,250	Nil

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

	31 March 2012 (reviewed)	31 December 2011 (audited)
Total number of shares held by Directors	458,300	458,300
As a percentage of the total number of shares outstanding	0.70%	0.70%

9 Commitments and contingent liabilities

	31 March 2012 (reviewed)	31 December 2011 (audited)
Letter of guarantees	212,940	212,940