

**BAHRAIN TOURISM COMPANY BSC**  
**INTERIM FINANCIAL INFORMATION**  
**30 June 2010**

Hotel, property and tourism development and investment

Commercial registration : 1977

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

Chief Executive Officer : Abdulnabi Daylami

Offices : Crowne Plaza, 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**

**INTERIM FINANCIAL INFORMATION  
for the six months ended 30 June 2010**

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

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

11 August 2010

### **Introduction**

We have reviewed the accompanying condensed statement of financial position of Bahrain Tourism Company BSC (the "Company") as at 30 June 2010, 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 2010

Bahraini dinars

	<b>30 June 2010</b> (reviewed)	31 December 2009 (audited)
<b>CURRENT ASSETS</b>		
Cash and bank balances	1,060,991	989,622
Short-term bank deposits	7,879,289	7,797,025
Trade receivables	794,164	676,151
Inventory	69,085	72,936
Prepayments and other receivables	392,747	317,259
<b>Total current assets</b>	<b>10,196,276</b>	9,852,993
<b>NON-CURRENT ASSETS</b>		
Available-for-sale investments	3,513,647	3,685,101
Investment in associate company	3,767,299	3,497,614
Investment property	1,223,340	1,249,062
Property and equipment	12,055,460	11,667,737
<b>Total non-current assets</b>	<b>20,559,746</b>	20,099,514
<b>TOTAL ASSETS</b>	<b>30,756,022</b>	29,952,507
<b>CURRENT LIABILITIES</b>		
Trade payables	444,263	430,325
Accrued expenses and other payables	899,129	901,317
Dividends payable	301,977	255,024
<b>Total current liabilities</b>	<b>1,645,369</b>	1,586,666
<b>NON-CURRENT LIABILITIES</b>		
Provision for employees' leaving indemnity	289,975	267,330
<b>TOTAL LIABILITIES</b>	<b>1,935,344</b>	1,853,996
<b>TOTAL NET ASSETS</b>	<b>28,820,678</b>	28,098,511
<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	5,371,637	5,371,637
Investments fair value reserve	2,211,156	2,405,859
Retained earnings	11,410,180	10,493,310
<b>TOTAL EQUITY</b>	<b>28,820,678</b>	28,098,511

Qassim Mohamed Fakhroo  
Chairman

Thabia Abdulla Jasim Abdulla Al-Mannai  
Vice Chairman

Abdulnabi Daylami  
Chief Executive Officer

The Board of Directors approved the interim financial information consisting of pages 2 to 9 on 11 August 2010.

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
for the six months ended 30 June 2010

Bahraini dinars

	<b>Three months ended 30 June 2010 (Reviewed)</b>	Three months ended 30 June 2009 (Reviewed)	<b>Six months ended 30 June 2010 (Reviewed)</b>	Six months ended 30 June 2009 (Reviewed)
<b>HOTEL OPERATIONS</b>				
Revenue	2,393,524	2,148,264	4,754,059	4,476,291
Operating costs	(1,365,114)	(1,215,790)	(2,688,482)	(2,419,218)
<b>PROFIT BEFORE DEPRECIATION</b>	<b>1,028,410</b>	<b>932,474</b>	<b>2,065,577</b>	<b>2,057,073</b>
Depreciation of hotel and conference center	(283,379)	(290,024)	(496,527)	(579,629)
<b>Profit from hotel operations</b>	<b>745,031</b>	<b>642,450</b>	<b>1,569,050</b>	<b>1,477,444</b>
<b>INVESTMENT ACTIVITIES</b>				
Dividend income	13,812	18,377	160,129	163,602
Provision for impairment on available for sale investments	(16,040)	(7,100)	(19,826)	(122,992)
Share of profit of associate	317,599	74,870	592,661	288,555
Property income	81,485	73,708	162,103	143,033
Depreciation of investment property	(12,861)	(12,567)	(25,722)	(25,134)
Other income	15,276	10,445	17,331	12,148
Foreign exchange (loss) / gain	(1,001)	18,767	(8,927)	15,306
Interest on short-term deposits	56,574	43,491	118,496	93,347
<b>Profit from investment activities</b>	<b>454,844</b>	<b>219,991</b>	<b>996,245</b>	<b>567,865</b>
<b>TOTAL INCOME</b>	<b>1,199,875</b>	<b>862,441</b>	<b>2,565,295</b>	<b>2,045,309</b>
General and administrative expenses	(88,401)	(74,207)	(255,972)	(226,641)
<b>PROFIT FOR THE PERIOD</b>	<b>1,111,474</b>	<b>788,234</b>	<b>2,309,323</b>	<b>1,818,668</b>
<b>Other comprehensive income</b>				
Fair value reserve (Available for sale investments):				
Net change in fair value	(185,814)	(30,617)	(191,553)	(642,850)
Transfer to income statement	16,040	7,100	19,826	122,992
Share in fair value reserve of associate	(37,576)	182,032	(22,976)	182,032
<b>Total other comprehensive income for the period</b>	<b>(207,350)</b>	<b>158,515</b>	<b>(194,703)</b>	<b>(337,826)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>904,124</b>	<b>946,749</b>	<b>2,114,620</b>	<b>1,480,842</b>
Earnings per share of 100 fils for the period	<b>17.0 fils</b>	11.9 fils	<b>35.2 fils</b>	27.5 fils

Qassim Mohamed Fakhro  
Chairman

Thabia Abdulla Jasim Abdulla Al-Mannai  
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 2010**

Bahraini dinars

<b>2010</b>	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	2,405,859	10,493,310	28,098,511
Profit for the period	-	-	-	-	-	2,309,323	2,309,323
<b>Other comprehensive income</b>							
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)
<b>Total other comprehensive income for the period</b>	-	-	-	-	<b>(194,703)</b>	-	<b>(194,703)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	-	-	<b>(194,703)</b>	<b>2,309,323</b>	<b>2,114,620</b>
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)
<b>At 30 June</b>	<b>7,200,000</b>	<b>(972,295)</b>	<b>3,600,000</b>	<b>5,371,637</b>	<b>2,211,156</b>	<b>11,410,180</b>	<b>28,820,678</b>

The interim financial information consists of pages 2 to 9.

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the six months ended 30 June 2010**

Bahraini dinars

2009 (reviewed)	Share capital	Treasury shares	Statutory reserve	Capital and development reserves	Fair value reserve	Retained earnings	Total
At 1 January	7,200,000	(844,008)	3,241,705	5,729,932	2,374,822	8,733,986	26,436,437
Profit for the period	-	-	-	-	-	1,818,668	1,818,668
Other comprehensive income							
Fair value reserve (Available for sale investments):							
Net change in fair value	-	-	-	-	(642,850)	-	(642,850)
Net amount transferred to income statement	-	-	-	-	122,992	-	122,992
Transfer to income statement from fair value reserve of associate	-	-	-	-	182,032	-	182,032
Total other comprehensive income for the period	-	-	-	-	(337,826)	-	(337,826)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	-	-	(337,826)	1,818,668	1,480,842
Purchase of treasury shares	-	(74,187)	-	-	-	-	(74,187)
Dividend declared (2008)	-	-	-	-	-	(1,321,319)	(1,321,319)
Charity donations approved (2008)	-	-	-	-	-	(15,000)	(15,000)
Directors' remuneration declared (2008)	-	-	-	-	-	(64,000)	(64,000)
Transfer from capital and development reserve	-	-	358,295	(358,295)	-	-	-
At 30 June	7,200,000	(918,195)	3,600,000	5,371,637	2,036,996	9,152,335	26,442,773

The interim financial information consists of pages 2 to 9.

**CONDENSED STATEMENT OF CASH FLOWS**  
**for the six months ended 30 June 2010**

Bahraini dinars

	<b>30 June 2010</b> (reviewed)	30 June 2009 (reviewed)
<b>OPERATING ACTIVITIES</b>		
Cash received from customers	4,627,557	4,617,655
Rent received	172,329	186,532
Payment to suppliers	(940,389)	(842,965)
Staff salaries and related costs	(871,689)	(786,419)
Payments for overhead expenses	(1,147,052)	(1,129,738)
<b>Cash flows from hotel operations</b>	<b>1,840,756</b>	<b>2,045,065</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	118,496	93,347
Dividend received	460,129	463,602
Capital expenditure on hotel and conference center	(920,189)	(553,008)
Purchase of available-for-sale investments	(40,540)	-
Proceeds from sale / redemption of available-for-sale investments	18,153	-
Other receipts	17,331	12,148
<b>Cash flows from investing activities</b>	<b>(346,620)</b>	<b>16,089</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(1,266,503)	(1,297,990)
Directors' remuneration paid	(64,000)	(64,000)
Charity paid	(10,000)	(25,000)
Purchase of treasury shares	-	(74,187)
<b>Cash flows from financing activities</b>	<b>(1,340,503)</b>	<b>(1,461,177)</b>
<b>Net increase in cash and cash equivalents</b>	<b>153,633</b>	<b>599,977</b>
CASH AND CASH EQUIVALENTS AT 1 JANUARY	8,786,647	7,341,805
<b>CASH AND CASH EQUIVALENTS AT 30 June</b>	<b>8,940,280</b>	<b>7,941,782</b>
CASH AND CASH EQUIVALENTS per statement of financial position:		
Cash and bank balances	1,060,991	977,126
Short-term bank deposits	7,879,289	6,964,656
	<b>8,940,280</b>	<b>7,941,782</b>



**NOTES****to the 30 June 2010 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 2009. 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 2009.
- 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 2009. 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 2009.
- 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 2010:

	<b>2010</b>	2009
Transfer to statutory reserve from Capital and Development reserve	-	358,295
Dividends	1,313,453	1,321,319
Directors remuneration	64,000	64,000
Charity donations	15,000	15,000

**NOTES****to the 30 June 2010 Interim Financial Information**

Bahraini dinars

## 7 Segmental information for operating segments:

	Hotel Operations		Investments		Unallocated		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers	4,754,059	4,476,291	331,229	331,195	17,331	12,148	5,102,619	4,819,634
Income from Associate	-	-	592,661	288,555	-	-	592,661	288,555
Interest income	-	-	-	-	118,496	93,347	118,496	93,347
<b>Total segment revenue</b>	<b>4,754,059</b>	<b>4,476,291</b>	<b>923,890</b>	<b>619,750</b>	<b>135,827</b>	<b>105,495</b>	<b>5,813,776</b>	<b>5,201,536</b>
Operating costs	(2,688,482)	(2,419,218)	(17,924)	(9,254)	(255,972)	(226,641)	(2,962,378)	(2,655,113)
Depreciation	(496,527)	(579,629)	(25,722)	(25,134)	-	-	(522,249)	(604,763)
Impairment of assets	-	-	(19,826)	(122,992)	-	-	(19,826)	(122,992)
<b>Total segment costs</b>	<b>(3,185,009)</b>	<b>(2,998,847)</b>	<b>(63,472)</b>	<b>(157,380)</b>	<b>(255,972)</b>	<b>(226,641)</b>	<b>(3,504,453)</b>	<b>(3,382,868)</b>
<b>Segment profit/(loss)</b>	<b>1,569,050</b>	<b>1,477,444</b>	<b>860,418</b>	<b>462,370</b>	<b>(120,145)</b>	<b>(121,146)</b>	<b>2,309,323</b>	<b>1,818,668</b>
Segment assets	<b>12,960,445</b>	12,414,049	<b>9,813,319</b>	9,690,298	<b>7,982,258</b>	7,848,160	<b>30,756,022</b>	29,952,507
Segment liabilities	<b>(1,218,640)</b>	(1,281,113)	<b>(716,704)</b>	(572,883)	-	-	<b>(1,935,344)</b>	(1,853,996)
Capital expenditure	(885,435)	(447,029)	-	-	-	-	(885,435)	(447,029)

The comparative figures of segmental revenues, costs and profit are presented for the period ended 30 June 2009, and the comparative figures of segmental assets and liabilities are presented for the year ended 31 December 2009.

## 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 2010 (reviewed)	30 June 2009 (reviewed)
<b>Compensation</b>		
Directors' remuneration	96,000	64,000
Salary and other allowances to key management personnel	186,939	170,297
<b>Total compensation</b>	<b>282,939</b>	<b>234,297</b>

**NOTES****to the 30 June 2010 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:

	<b>30 June 2010 (reviewed)</b>	30 June 2009 (reviewed)
Capital expenditure payments to director-controlled entities	-	-
Payable to director- controlled entities	-	6,050

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

	<b>30 June 2010 (reviewed)</b>	30 June 2009 (reviewed)
Total number of shares held by Directors	<b>876,169</b>	876,169
As a percentage of the total number of shares outstanding	<b>1.33%</b>	1.33%

**9 Commitments and contingent liabilities**

	<b>30 June 2010 (reviewed)</b>	30 June 2009 (reviewed)
Letter of guarantees	<b>225,588</b>	213,000

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 2010 is BD 836,601 (30 June 2009: Nil)