

BAHRAIN TOURISM COMPANY BSC
INTERIM FINANCIAL INFORMATION
31 March 2009

Hotel, property and tourism development and investment

Commercial registration : 1977

Board of Directors : Qassim Mohamed Fakhroo (*Chairman*)
Yacoub Yousif Majid (*Vice Chairman*) *
Adel Hussain Al-Maskati
Jalal Mohammed Yousuf Jalal
Thabia Abdulla Jasim Abdulla Al-Mannai *
Othman Mohamed Sharif Al-Rayes *
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 and registrars : KPMG

* Representatives of General Organisation for Social Insurance

Bahrain Tourism Company BSC

**INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2009**

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Independent auditors' report on review of Interim Financial Information

To
The Board of Directors
Bahrain Tourism Company BSC

12 May 2009

Introduction

We have reviewed the accompanying condensed statement of financial position of Bahrain Tourism Company BSC (the "Company") as at 31 March 2009, and the related condensed statements of comprehensive income, changes in equity and cash flows for the three-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 31 March 2009

Bahraini dinars

	31 March 2009 (reviewed)	31 December 2008 (audited)
CURRENT ASSETS		
Cash and bank balances	1,406,100	1,011,210
Short-term bank deposits	7,078,397	6,330,595
Trade receivables	862,467	924,915
Inventory	55,213	54,649
Prepayments and other receivables	182,332	194,167
Total current assets	9,584,509	8,515,536
NON-CURRENT ASSETS		
Available-for-sale investments	3,378,407	3,992,719
Investment in associate company	2,579,996	2,666,311
Investment property	1,275,098	1,287,665
Property and equipment	12,204,389	12,058,570
Total non-current assets	19,437,890	20,005,265
TOTAL ASSETS	29,022,399	28,520,801
CURRENT LIABILITIES		
Trade payables	627,267	515,903
Accrued expenses and other payables	1,055,619	1,101,039
Dividends payable	1,560,378	246,757
Total current liabilities	3,243,264	1,863,699
NON-CURRENT LIABILITIES		
Provision for employees' leaving indemnity	242,924	220,665
TOTAL LIABILITIES	3,486,188	2,084,364
TOTAL NET ASSETS	25,536,211	26,436,437
EQUITY		
Share capital	7,200,000	7,200,000
Treasury shares	(878,008)	(844,008)
Statutory reserve	3,600,000	3,241,705
Capital and development reserves	5,371,637	5,729,932
Investments fair value reserve	1,878,481	2,374,822
Retained earnings	8,364,101	8,733,986
TOTAL EQUITY (page 4)	25,536,211	26,436,437

Qassim Mohamed Fakhroo
Chairman

Yacoub Yousif Majid
Vice Chairman

Abdulnabi Daylami
Chief Executive Officer

The Board of Directors approved the interim financial information consisting of pages 2 to 8 on 12 May 2009.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 31 March 2009

Bahraini dinars

	31 March 2009 (reviewed)	31 March 2008 (reviewed)
HOTEL OPERATIONS		
Sales	2,328,027	2,367,784
Operating costs	(1,203,428)	(1,237,935)
PROFIT BEFORE DEPRECIATION	1,124,599	1,129,849
Depreciation of hotel and conference center	(289,605)	(280,598)
Profit from hotel operations	834,994	849,251
INVESTMENT INCOME / (EXPENSES)		
Dividend income	145,225	134,542
Gain on sale of investments	-	11,360
Provision for impairment on investments	(115,892)	-
Share of profit of associate	213,685	216,334
Interest on short-term deposits	49,856	39,916
Property income	72,544	59,950
Property expenses	(3,219)	(6,101)
Depreciation of investment property	(12,567)	(12,381)
Foreign exchange translation adjustments	(3,461)	(3,496)
Other income	1,703	10,546
Net Investment income	347,874	450,670
TOTAL INCOME	1,182,868	1,299,921
GENERAL AND ADMINISTRATIVE EXPENSES	(152,434)	(126,343)
PROFIT FOR THE PERIOD	1,030,434	1,173,578
Other comprehensive income		
Fair value reserve (Available for sale investments):		
Net change in fair value	(612,233)	465,902
Transfer to income statement	115,892	(10,260)
Other comprehensive (loss) / income for the period	(496,341)	455,642
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	534,093	1,629,220
Earnings per share of 100 fils for the period	15.6 Fils	17.7 Fils

Qassim Mohamed Fakhroo
Chairman

Yacoub Yousif Majid
Vice Chairman

Abdulnabi Daylami
Chief Executive Officer

The interim financial information consists of pages 2 to 8.

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2009

Bahraini dinars

2009	Share capital	Treasury shares	Statutory reserve	Capital and development reserve	Investments fair value reserve	Retained earnings	Total
(reviewed)							
As at January	7,200,000	(844,008)	3,241,705	5,729,932	2,374,822	8,733,986	26,436,437
Total Comprehensive income for the period	-	-	-	-	(496,341)	1,030,434	534,093
Purchase of treasury shares	-	(34,000)	-	-	-	-	(34,000)
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 31 March	7,200,000	(878,008)	3,600,000	5,371,637	1,878,481	8,364,101	25,536,211
2008	Share capital	Treasury shares	Statutory reserve	Capital and development reserve	Investments fair value reserve	Retained earnings	Total
(reviewed)							
As at January	7,200,000	(704,756)	2,818,357	5,729,932	2,878,483	6,332,159	24,254,175
Total Comprehensive income for the period	-	-	-	-	455,642	1,173,578	1,629,220
Dividend declared (2007)	-	-	-	-	-	(1,329,300)	(1,329,300)
Charity donations approved (2007)	-	-	-	-	-	(15,000)	(15,000)
Directors' remuneration declared (2007)	-	-	-	-	-	(64,000)	(64,000)
At 31 March	7,200,000	(704,756)	2,818,357	5,729,932	3,334,125	6,097,437	24,475,095

CONDENSED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2009

Bahraini dinars

	31 March 2009 (reviewed)	31 March 2008 (reviewed)
HOTEL, CONFERENCE CENTRE AND TRAVEL OPERATIONS		
Cash received from customers	2,408,449	2,558,798
Cash paid to suppliers	(261,163)	(291,093)
Cash paid to employees	(440,229)	(351,918)
Payments for overhead expenses	(544,996)	(806,108)
Cash flows from hotel operations	1,162,061	1,109,679
INVESTING ACTIVITIES		
Rent received	51,351	47,885
Interest received	49,856	39,916
Dividend received	145,225	133,627
Dividend received from associate	300,000	300,000
Capital expenditure on hotel and conference center	(436,019)	(247,916)
Purchase of available-for-sale investments	-	(75,787)
Proceeds from sale of available-for-sale investments	-	20,600
Other receipts	916	10,546
Cash flows from investing activities	111,329	228,871
FINANCING ACTIVITIES		
Dividends paid	(7,698)	(10,453)
Directors' remuneration paid	(64,000)	-
Purchase of treasury shares	(34,000)	-
Charity paid	(25,000)	-
Cash flows from financing activities	(130,698)	(10,453)
Net increase in cash and cash equivalents	1,142,692	1,328,097
CASH AND CASH EQUIVALENTS AT 1 JANUARY	7,341,805	4,912,183
CASH AND CASH EQUIVALENTS AT 31 March	8,484,497	6,240,280
CASH AND CASH EQUIVALENTS per balance sheet:		
Cash and bank balances	1,406,100	1,245,661
Short-term bank deposits	7,078,397	4,994,619
	8,484,497	6,240,280

The interim financial information consists of pages 2 to 8.

NOTES

- 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 Company has adopted IAS 1 "Presentation of Financial Statements" and IFRS 8 "Operating Segments" effective 1 January 2009. There have been no other changes to the accounting policies and the interim financial information has been prepared using the same accounting policies and computation methods reported in 2008 annual audited financial statements.
 - Revised IAS 1 introduces the term 'Other Comprehensive Income' which represents changes in equity other than those changes resulting from transactions with shareholders. The Company has opted to present the total comprehensive income in a single statement "condensed statement of comprehensive income" (page 3).
 - IFRS 8 (Operating Segments) introduces the 'management approach' to segment reporting which requires a change in the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Company's 'chief operating decision maker' in order to assess each segment's performance and to allocate resources to them. The Company's current presentation is substantially in line with the requirements of the revised standard.

The adoption of the above standards impacted the nature of the disclosures in the interim financial information, but had no impact on the reported profit or the financial position of the Company. In accordance with the transitional requirements of the Standards, the Company has provided full comparative information.

- 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 2008. 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 3 months ended 31 March 2008.
- 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 2009:

	2008	2007
Transfer to statutory reserve from retained earnings	423,348	348,818
Transfer to statutory reserve from Capital and Development reserve	358,295	-
Dividends	1,321,319	1,329,300
Directors remuneration	64,000	64,000
Charity donations	15,000	15,000

The balance of the statutory reserve after the transfer from Capital and Development reserve is 50% of the share capital.

NOTES

7 Segmental information for operating segments:

	Hotel Operations		Investments		Unallocated		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenue from external customers	2,328,027	2,367,784	217,769	205,852	1,703	10,546	2,547,499	2,584,182
Income from Associate	-	-	213,685	216,334	-	-	213,685	216,334
Interest income	-	-	-	-	49,856	39,916	49,856	39,916
Total segment revenue	2,328,027	2,367,784	431,454	422,186	51,559	50,462	2,811,040	2,840,432
Operating costs	(1,203,428)	(1,237,935)	(6,680)	(9,597)	(152,434)	(126,343)	(1,362,542)	(1,373,875)
Depreciation	(289,605)	(280,598)	(12,567)	(12,381)	-	-	(302,172)	(292,979)
Impairment of assets	-	-	(115,892)	-	-	-	(115,892)	-
Total segment costs	(1,493,033)	(1,518,533)	(135,139)	(21,978)	(152,434)	(126,343)	(1,780,606)	(1,666,854)
Segment profit	834,994	849,251	296,315	400,208	(100,875)	(75,881)	1,030,434	1,173,578
Segment assets	14,456,297	14,015,903	7,272,481	7,981,592	7,293,621	6,523,306	29,022,399	28,520,801
Segment liabilities	1,440,685	1,209,486	1,996,140	835,295	49,363	39,583	3,486,188	2,084,364
Capital expenditure	(436,019)	(247,916)	-	-	-	-	(436,019)	(247,916)

The comparative figures of segmental revenues, costs and profit are presented for the three months ended 31 March 2008, and the comparative figures of segmental assets and liabilities are presented for the year ended 31 December 2008.

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 2009 (reviewed)	31 March 2008 (reviewed)
Compensation		
Directors' remuneration	64,000	64,000
Salary and other allowances to key management personnel	106,173	83,438
Total compensation	170,173	147,438

NOTES

to the 31 March 2009 Interim Financial Information

Bahraini dinars

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 2009 (reviewed)	31 March 2008 (reviewed)
Capital expenditure payments to director-controlled entities	12,450	143,250

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

	31 March 2009 (reviewed)	31 December 2008 (audited)
Total number of shares held by Directors	876,169	861,169
As a percentage of the total number of shares outstanding	1.33%	1.30%

9 Commitments and contingent liabilities

	31 March 2009 (reviewed)	31 December 2008 (audited)
Letter of guarantees	213,000	213,000