

BAHRAIN TOURISM COMPANY BSC
INTERIM FINANCIAL INFORMATION
30 September 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

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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 nine months ended 30 September 2010

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Independent auditors' report on review of Interim Financial Information

To
The Board of Directors
Bahrain Tourism Company BSC

10 November 2010

Introduction

We have reviewed the accompanying condensed statement of financial position of Bahrain Tourism Company BSC (the "Company") as at 30 September 2010, and the related condensed statements of comprehensive income, changes in equity and cash flows for the nine-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 September 2010

Bahraini dinars

	30 September 2010 (reviewed)	31 December 2009 (audited)
CURRENT ASSETS		
Cash and bank balances	1,250,725	989,622
Short-term bank deposits	7,957,923	7,797,025
Trade receivables	532,620	676,151
Inventory	64,453	72,936
Prepayments and other receivables	361,258	317,259
Total current assets	10,166,979	9,852,993
NON-CURRENT ASSETS		
Available-for-sale investments	3,547,307	3,685,101
Investment in associate company	3,851,295	3,497,614
Investment property	1,210,479	1,249,062
Property and equipment	12,408,383	11,667,737
Total non-current assets	21,017,464	20,099,514
TOTAL ASSETS	31,184,443	29,952,507
CURRENT LIABILITIES		
Trade payables	504,696	430,325
Accrued expenses and other payables	785,101	901,317
Dividends payable	286,261	255,024
Total current liabilities	1,576,058	1,586,666
NON-CURRENT LIABILITIES		
Provision for employees' leaving indemnity	287,317	267,330
TOTAL LIABILITIES	1,863,375	1,853,996
TOTAL NET ASSETS	29,321,068	28,098,511
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	5,371,637	5,371,637
Investments fair value reserve	2,245,531	2,405,859
Retained earnings	11,876,195	10,493,310
TOTAL EQUITY	29,321,068	28,098,511

Qassim Mohamed Fakhroo
Chairman

Thabia Abdulla Jasim Abdulla Al-Mannai
Vice Chairman

Abdulnabi Daylami
Chief Executive Officer

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the nine months ended 30 September 2010

Bahraini dinars

	Three months ended 30 September 2010 (Reviewed)	Three months ended 30 September 2009 (Reviewed)	Nine months ended 30 September 2010 (Reviewed)	Nine months ended 30 September 2009 (Reviewed)
HOTEL OPERATIONS				
Revenue	1,442,298	1,293,397	6,196,357	5,769,688
Operating costs	(1,094,217)	(989,822)	(3,782,699)	(3,409,040)
PROFIT BEFORE DEPRECIATION	348,081	303,575	2,413,658	2,360,648
Depreciation of hotel and conference center	(288,354)	(287,885)	(784,881)	(867,514)
Profit from hotel operations	59,727	15,690	1,628,777	1,493,134
INVESTMENT ACTIVITIES				
Dividend income	96,428	88,291	256,557	251,893
Provision for impairment on available for sale investments	(2,320)	(1,074)	(22,146)	(124,066)
Share of profit of associate	252,367	250,773	845,028	539,328
Property income	79,473	84,681	241,576	227,714
Depreciation of investment property	(12,861)	(12,603)	(38,583)	(37,737)
Other income	11,053	7,951	28,384	20,099
Foreign exchange gain / (loss)	5,778	(4,306)	(3,149)	11,000
Interest on short-term deposits	59,883	37,208	178,379	130,555
Profit from investment activities	489,801	450,921	1,486,046	1,018,786
TOTAL INCOME	549,528	466,611	3,114,823	2,511,920
General and administrative expenses	(83,513)	(67,738)	(339,485)	(294,379)
PROFIT FOR THE PERIOD	466,015	398,873	2,775,338	2,217,541
Other comprehensive income				
Fair value reserve (Available for sale investments):				
Net change in fair value	20,424	24,492	(171,129)	(618,358)
Transfer to income statement	2,320	1,074	22,146	124,066
Share in fair value reserve of associate	11,631	38,969	(11,345)	221,001
Total other comprehensive income for the period	34,375	64,535	(160,328)	(273,291)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	500,390	463,408	2,615,010	1,944,250
Earnings per share of 100 fils for the period	7.1 fils	6.1 fils	42.3 fils	33.6 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 nine months ended 30 September 2010

Bahraini dinars

2010	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	-	-	-	-	-	2,775,338	2,775,338
Other comprehensive income							
Fair value reserve (Available for sale investments):							
Net change in fair value	-	-	-	-	(171,129)	-	(171,129)
Net amount transferred to income statement	-	-	-	-	22,146	-	22,146
Share in fair value reserve of associate	-	-	-	-	(11,345)	-	(11,345)
Total other comprehensive income for the period	-	-	-	-	(160,328)	-	(160,328)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	(160,328)	2,775,338	2,615,010
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)
At 30 September	7,200,000	(972,295)	3,600,000	5,371,637	2,245,531	11,876,195	29,321,068

The interim financial information consists of pages 2 to 9.

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 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	-	-	-	-	-	2,217,541	2,217,541
Other comprehensive income							
Fair value reserve (Available for sale investments):							
Net change in fair value	-	-	-	-	(618,358)	-	(618,358)
Net amount transferred to income statement	-	-	-	-	124,066	-	124,066
Transfer to income statement from fair value reserve of associate	-	-	-	-	221,001	-	221,001
Total other comprehensive income for the period	-	-	-	-	(273,291)	-	(273,291)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	(273,291)	2,217,541	1,944,250
Purchase of treasury shares	-	(112,586)	-	-	-	-	(112,586)
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 to statutory reserve	-	-	358,295	(358,295)	-	-	-
At 30 September	7,200,000	(956,594)	3,600,000	5,371,637	2,101,531	9,551,208	26,867,782

The interim financial information consists of pages 2 to 9.

CONDENSED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2010

Bahraini dinars

	30 September 2010 (reviewed)	30 September 2009 (reviewed)
OPERATING ACTIVITIES		
Cash received from customers	6,361,803	6,155,615
Rent received	208,004	223,859
Payment to suppliers	(1,162,692)	(1,266,178)
Staff salaries and related costs	(1,168,343)	(1,037,134)
Payments for overhead expenses	(1,809,080)	(1,693,566)
Cash flows from hotel operations	2,429,692	2,382,596
INVESTING ACTIVITIES		
Interest received	165,912	130,555
Dividend received	736,557	551,893
Capital expenditure on hotel and conference center	(1,547,927)	(677,502)
Purchase of available-for-sale investments	(52,540)	-
Proceeds from sale / redemption of available-for-sale investments	18,153	-
Other receipts	28,383	20,099
Cash flows from investing activities	(651,462)	25,045
FINANCING ACTIVITIES		
Dividends paid	(1,282,229)	(1,309,327)
Directors' remuneration paid	(64,000)	(64,000)
Charity paid	(10,000)	(35,000)
Purchase of treasury shares	-	(112,586)
Cash flows from financing activities	(1,356,229)	(1,520,913)
Net increase in cash and cash equivalents	422,001	886,728
CASH AND CASH EQUIVALENTS AT 1 JANUARY	8,786,647	7,341,805
CASH AND CASH EQUIVALENTS AT 30 September	9,208,648	8,228,533
CASH AND CASH EQUIVALENTS per statement of financial position:		
Cash and bank balances	1,250,725	880,217
Short-term bank deposits	7,957,923	7,348,316
	9,208,648	8,228,533

The interim financial information consists of pages 2 to 9.

NOTES**to the 30 September 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 September 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:

	2010	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 September 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	6,196,357	5,769,688	511,527	503,535	28,384	20,099	6,736,268	6,293,322
Income from Associate	-	-	845,028	539,328	-	-	845,028	539,328
Interest income	-	-	-	-	178,379	130,555	178,379	130,555
Total segment revenue	6,196,357	5,769,688	1,356,555	1,042,863	206,763	150,654	7,759,675	6,963,205
Operating costs	(3,782,699)	(3,409,040)	(16,544)	(12,928)	(339,484)	(294,379)	(4,138,727)	(3,716,347)
Depreciation	(784,881)	(867,514)	(38,583)	(37,737)	-	-	(823,464)	(905,251)
Impairment of assets	-	-	(22,146)	(124,066)	-	-	(22,146)	(124,066)
Total segment costs	(4,567,580)	(4,276,554)	(77,273)	(174,731)	(339,484)	(294,379)	(4,984,337)	(4,745,664)
Segment profit/(loss)	1,628,777	1,493,134	1,279,282	868,132	(132,721)	(143,725)	2,775,338	2,217,541
Segment assets	13,174,565	12,414,049	9,934,811	9,690,298	8,075,067	7,848,160	31,184,443	29,952,507
Segment liabilities	(1,175,197)	(1,281,113)	(688,178)	(572,883)	-	-	(1,863,375)	(1,853,996)
Capital expenditure	(1,676,625)	(527,332)	-	-	-	(2,450)	(1,676,625)	(529,782)

The comparative figures of segmental revenues, costs and profit are presented for the period ended 30 September 2009, and the comparative figures of segmental assets and liabilities are presented as at 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 September 2010 (reviewed)	30 September 2009 (reviewed)
Compensation		
Directors' remuneration	112,000	64,000
Salary and other allowances to key management personnel	209,195	220,007
Total compensation	321,195	284,007

NOTES**to the 30 September 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:

	30 September 2010 (reviewed)	30 September 2009 (reviewed)
Payable to director- controlled entities	-	6,050
Rental income from associate	58,500	26,000

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

	30 September 2010 (reviewed)	30 September 2009 (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 September 2010 (reviewed)	30 September 2009 (reviewed)
Letter of guarantees	207,588	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 September 2010 is BD 1,496,441 (30 September 2009: Nil)