
FORESIGHT

RESPONSIBILITY

OBJECTIVES



2010 ANNUAL REPORT

General Organisation of Sea Ports

P.O. Box 75315, Hidd
Kingdom of Bahrain

Tel: +973 17 359 595
Fax: +973 17 359 558
email: info@gop.gov.bh

www.gop.bh

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His Royal Highness Prince
Khalifa bin Salman Al Khalifa

The Prime Minister



His Majesty King Hamad bin
Isa Al Khalifa

The King of the Kingdom of
Bahrain



His Royal Highness Prince
Salman bin Hamad Al Khalifa

The Crown Prince and
Deputy Supreme Commander





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VISION

To be a catalyst for economic development through the provision of world-class ports and logistics zone facilities and related marine services.

MISSION

To regulate, develop and promote the Kingdom's maritime and logistics zones industries by applying international standards, and optimising all opportunities for our clients.



BAHRAIN'S MARITIME LEGACY

Throughout the course of our Kingdom's history, our people, livelihoods and heritage have been inextricably linked to the sea that surrounds us. In recognising Bahrain's maritime legacy we celebrate its evolution and work to realise the future it promises.

Building upon the Kingdom's legacy, Bahrain's progressive maritime infrastructure has developed throughout our history, culminating, in 2009, with the inauguration and official opening of the Khalifa Bin Salman Port (KBSP) - a contemporary world-class port offering shipping and related marine services and in close proximity to logistic zones facilities.

As an icon of Bahrain's continued growth and development, KBSP is one component of the General Organisation of Sea Ports' (GOP) mission to regulate, develop, promote and expand the maritime and logistics industry potential. In line with Bahrain's Economic Vision 2030 (Vision 2030), the GOP's efforts strive to positively impact and enhance the wider national economy in terms of employment, economic diversification and infrastructure.

HIGHLIGHTS 2010

HIGHLIGHT 1



GOP's certification under ISO 9001: 2008 Quality Management System raises the bar for achieving excellence in operations and service delivery

HIGHLIGHT 2



Finalising the drafting of the Maritime Code to bring Bahrain on par with international conventions, protocols and port regulations

HIGHLIGHT 3



Ship inspections under Riyadh MOU on Port State Control increased in the Kingdom of Bahrain

HIGHLIGHT 4



Cruise tourism promoted through a national public-private partnership approach

HIGHLIGHT 5



Launch of Bahrain Maritime Festival to commemorate World Maritime Day in partnership with industry stakeholders

HIGHLIGHT 6



Ongoing trade promotion through roadshows and sponsorship of key international and regional events showcases Bahrain as a business and maritime centre of choice

HIGHLIGHT 8



HIGHLIGHT 7



Development of GOP's Strategic Plan 2011-2016 in line with Bahrain's Economic Vision 2030

GOP Chairman recognised at the Seatrade's pre-eminent regional maritime industry awards ceremony with the 'Personality of the Year 2010' Award for his modern approach to the development of a sustainable maritime infrastructure

HIGHLIGHT 9



Improving performance at KBSP in terms of operational efficiency achieved by port operator, APM Terminals Bahrain

HIGHLIGHT 11



HIGHLIGHT 10



GOP posts a Gross Revenue of BD10.13 million, leaving a surplus of BD6.33 million for the year

BLZ ranked within the global top ten "Free Zones of the Future" by the fDi magazine

PROFILE

ADMINISTERING KEY NATIONAL ASSETS

The General Organisation of Sea Ports (GOP) was established by Legislative Decree No. 61 (2006) of the Kingdom of Bahrain as an autonomous government regulatory authority for ports and maritime affairs, with both financial and administrative independence. Tasked with the responsibility of taking the seafaring heritage of the Kingdom progressively into the future, GOP focuses on developing infrastructure – both hard and soft, applying business-friendly regulations and standards, attracting direct investment and achieving service and operational excellence. These translate into the following functional areas with respect to all marine and port-related activities in Bahrain:

- 1 | Legal drafting and regulation
- 2 | Supervision and administration
- 3 | Registration of vessels
- 4 | Marine safety and environmental protection
- 5 | Infrastructure development
- 6 | Facility provision and maintenance
- 7 | Training and skills development
- 8 | Marketing and promotion

Broadly speaking, GOP has three key functions: Regulation, development, and promotion.

The GOP undertakes the first of these, regulation and supervision, in line with international best practice and standards, always conscious that some of the Kingdom's key strategic and economic assets are under its administration. The regulatory role is executed through clear, comprehensive and consistent rules and regulations covering the ports and maritime industry in the Kingdom, which in turn lead to the setting of standards on aspects such as safety, security and environmental protection, as well as tariffs and compliance monitoring.

Development and deployment of these assets are carried out in support of Bahrain's Economic Vision 2030, which outlines the Kingdom's economic strategy for the coming decades. An important pillar of Vision 2030 is the development of non-oil related and export-oriented economic activity, and GOP seeks to encourage investment in such activities within a comprehensive legal and regulatory framework that protects the interests of the Kingdom and its people while ensuring a fair and business-friendly environment.

The GOP's mandate for development has two aspects – 'hard' and 'soft'. The first of these includes the provision of facilities for maritime and related commercial activity. Thus GOP ensures that

Bahrain's maritime infrastructure is state-of-the-art and operated cost-effectively with the highest attainable efficiencies. This involves provision of the best infrastructure, the latest technologies and operating systems, as well as supervising facility operators. The second development aspect focuses on supporting and sustaining Bahrain's maritime legacy through education, training and employment opportunities. Training and education go beyond the development of traditional maritime skills, but also include related areas such as maritime law and environmental protection. GOP invests extensively in people, as human talent serves to be an important national resource that provides future returns in terms of economic growth as well as increasing the skills and talent pool.

Promoting Bahrain's maritime capabilities to the region and to the world constitutes GOP's third main function. In this area, the GOP works closely with other ministries and agencies such as those responsible for economic development, trade promotion and tourism. In an increasingly competitive world, this function not only assumes growing importance, but also requires innovative and dynamic approaches such as fostering partnerships with the private sector and the international community.

Vision 2030 outlines the Kingdom's aspiration to build a sophisticated, diversified and globally competitive economy to serve the nation and build a better life for its citizens. Bahrain's maritime industry exemplifies how this vision is being realised. In adopting a long-term, holistic approach to the management of the Kingdom's maritime resources, the GOP strives to ensure that the national assets under its care are firmly and effectively integrated into the national infrastructure.





CHAIRMAN'S MESSAGE

POSITIONING BAHRAIN AS A MARITIME LEADER

During the year 2010, GOP focused on consolidating its operations and finalising its strategic plan for future development and expansion following the events of 2009, in which Bahrain's primary port for nearly half a century, Mina Salman, was superseded by the state-of-the-art Khalifa Bin Salman Port (KBSP). KBSP, together with the Bahrain Logistics Zone (BLZ), further strengthen Bahrain's unique position as a marine, air and overland hub for the Northern Gulf region and serve as an ideal choice for international trade and logistics offering key access to regional markets.

As the custodian of one of the most strategic physical assets of the country, the GOP strives to steer the Kingdom's rich maritime heritage into the future and in line with the Economic Vision 2030 and National Economic Strategy 2009-2014. Within the three guiding principles of sustainability, competitiveness and fairness that underpin Vision 2030 lies the very core of GOP's own Strategic Plan 2011-2016. Moreover, by ensuring the provision of world-class maritime and logistics infrastructure, we will continue to attract investment in these sectors,

thereby contributing to GDP growth and employment for our people whilst meeting national priorities such as developing non-oil, export-oriented economic activities.

On the commercial operations side, results were satisfactory, though more remains to be done. The KBSP port operator, APM Terminals Bahrain, successfully secured the first transshipment operations in 2010 and the port activities showed a significant increase in container throughput, coupled with improvements in productivity. These indicate that we are successfully overcoming the challenges of the recent global economic slowdown, and can look forward to strong and steady business growth in the near future.

As part of our holistic approach to facilities' development, planning and preparatory work on the new service area at KBSP was completed during the year. This facility will include offices, a multi-storey car park and filling station, and expressions of interest will be invited in early 2011. We also announced a plan to construct a Seafarers' building at the Port, which will provide rest and other facilities for seafarers calling at the port.

Business growth at BLZ has been, to date, more modest as companies are still re-evaluating their expansion plans following the global market downturn. However, there have been visible improvements; for example, we are currently in the final stage of negotiations with a number of prospective tenants interested in BLZ. We are expecting construction to start at BLZ in mid-2011, having completed the necessary licensing and approval requirements.

On the promotional side, considerable effort was expended this year to publicise and promote both KBSP and BLZ, as well as the Kingdom's potential as a business and maritime centre. I personally led GOP delegations to Japan, Germany, the United Kingdom and the UAE in pursuit of these objectives, and I am pleased to report that the results were highly positive. In Nuremberg, Germany, we signed a Memorandum of Understanding with the City of Nuremberg and the Freight Village of Nuremberg for bilateral co-operation for development of logistics activities and to promote logistics oriented business and exchange of information, know-how and technology. This marks an important step forward as Germany is renowned for its strong logistics sector and there is a great deal that the two countries can do together in this area for our mutual benefit.

Another successful initiative was the Bahrain Maritime Festival (BMF), which was held in September to celebrate World Maritime Day – a day initiated by the International Maritime Organisation (IMO) – to commemorate the international maritime industry's contribution towards the global economy, specifically in the shipping and logistics sectors. With this year's theme 'Year of the Seafarer', BMF served as a strategic initiative in which Bahrain played a proactive role within the international community. The theme was reflected in the various events of BMF, which covered cultural, educational and professional aspects as well as a welfare component. We intend to make this an annual event, and preparations are already underway for Bahrain Maritime Festival 2011.

While transshipment, cargo and logistics businesses will continue to be the dominant contributors to revenue in the near future, GOP is also keen to develop cruise tourism to Bahrain and the region.

Currently, we are seeing a throughput of 13-14 liners per month at KBSP during the peak season (November-April) with an average passenger manifest of 2,000. We are exploring ways and means of increasing this throughput by streamlining systems and expediting procedures at KBSP, talking to cruise operators and other stakeholders, as well as by publicising and marketing the tourist attractions of Bahrain in collaboration with the Ministry of Culture. The month of May saw us support the Seatrade Middle East Cruise Forum 2010, at which many of these issues were discussed with key stakeholders in the business.

We are also actively involved in training and education for enhancing skills and creation of jobs and career development opportunities for local manpower within the maritime industry. We have been in discussion with potential training partners to set up a maritime training facility in Bahrain. We are also considering the establishment of a special fund that will provide training opportunities for young Bahrainis in areas ranging from maritime law to cadet training in coordination with the private sector. Meanwhile, we continue to maintain leadership in organising workshops and seminars as part of our ongoing cooperation with IMO and other maritime organisations in order to promote international best practices, not only locally but across the region.

At an operational level, an important goal achieved in 2010 was the ISO 9001:2008 certification for GOP's Quality Management System. Quality and process management are keys to success at GOP, and the ISO certification is a recognition of GOP's adherence to ISO-mandated high standards. We will continue to maintain and improve upon our standards to achieve optimum efficiency and effectiveness in the years to come.

In terms of corporate governance, our key phrase continues to be 'ethical practice'. We strive to maintain transparency in everything we do. Avoiding conflicts of interest is a particular concern given our multiple roles as a regulator, administrator, facilitator, infrastructure provider and promoter. Drafting of a formal governance policy document that is specifically tailored to the needs of GOP will receive attention in the near future.



One aspect of good corporate governance is honourably balancing the interests of multiple stakeholders. Among GOP's primary stakeholders are the people of Bahrain, represented in the several government ministries and public sector bodies that we liaise with, our private sector business partners, clients who use the port and logistics facilities, regional and international organisations, service providers, employees and the larger community comprising other Gulf nations. In this connection we continuously balance the needs of the national economy with those stemming from the physical environment and the society in which we operate, with sustainability as our focus.

GOP's national responsibilities dictate that all our activities be planned strategically and coordinated with the relevant government agencies including the Customs Affairs Directorate, Economic Development Board, and Tamkeen, as well as with regional bodies like the Gulf Cooperation Council and international organisations such as the IMO. Cooperation and consultation are also key aspects of our dealings with business partners. Before taking any major decision, the GOP management consults the private sector and, wherever appropriate, seeks the guidance and approval of the Board of Directors. In fact, the GOP Board of Directors itself contains private-sector representation in the form of an ex-officio member from the Bahrain Chamber of Commerce and Industry. A good example of this consultative approach was our review of port tariffs in 2010. We are now undertaking a review of GOP's own tariffs in a similar consultative manner.

Looking forward, I am pleased to state that we are on track to achieve the goals of our six-year Strategic Plan. We expect to see considerable growth in regional

and international trade, as well as in the Bahraini economy, over the period covered by the plan, and are making our preparations accordingly.

The achievements during the year under review could not have been accomplished without the support and guidance of His Majesty King Hamad bin Isa Al Khalifa, King of the Kingdom of Bahrain, His Royal Highness Prince Khalifa bin Salman Al Khalifa, Prime Minister and His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince and Deputy Supreme Commander. Their confidence in placing the Kingdom's maritime legacy and future in our care is a great honour for us at the General Organisation of Sea Ports, as well as a responsibility of which we are keenly aware. I offer them my sincere thanks and warmest gratitude for their trust and invaluable assistance, encouragement and support.

I also thank His Excellency the Minister of Finance and the Board of Directors for their continued support and counsel. A large part of the credit for our considerable achievements so far also goes to GOP's management and staff. I am more than pleased with their response to the high standards we have set for the entire organisation, and I offer each and every one of them my commendation and thanks.

Daij bin Salman bin Daij Al Khalifa
Chairman





DIRECTOR GENERAL'S MESSAGE

CONSOLIDATION AND DEVELOPMENT

Looking back at our performance in 2010, I noticed that the word 'continue' and its derivatives occur numerous times. This is certainly appropriate, since 2010 was above all a year of continuity aimed at consolidation and development at the General Organisation of Sea Ports (GOP). The words apply all across the spectrum of GOP's activities, from regulation and administration to facility development and marketing. They also apply, above all, to our ongoing endeavours to make Bahrain a leading maritime centre in the world, through sustainable growth in trade, shipping, and logistics.

Continuity was clearly apparent in our management and development of the vital elements of national infrastructure entrusted to us. At Khalifa Bin Salman Port (KBSP), which is operated by APM Terminals Bahrain under a long-term agreement with the Government of Bahrain, throughput and productivity showed highly satisfactory improvements during the course of the year. We continued to develop the facility with improved security, safety and surveillance, commenced the second phase of dredging the approach channel, finalised plans for the construction of a new service area and announced

a decision to build facilities for seafarers within the port premises. All these activities were directed towards our ongoing goal of making KBSP on par with international standards on relevant performance indicators.

Another aspect of continuity was that of process improvement, which resulted in substantial gains in operational efficiency and capacity utilisation. This was a significant achievement in a challenging year – one in which regional competition grew stiffer while the aftershocks of the recent recession continued to impact the economy and the shipping industry. In this regard, the efforts of our commercial partner, APM Terminals Bahrain, are greatly appreciated.

Tenant occupancy at Bahrain Logistics Zone (BLZ) was reflective of the competition and the re-examination of expansion plans by companies following the global economic crisis. Nonetheless, there were several positive developments, with BLZ completing its survey certification and several local and international firms expressing interest in BLZ. We expect to see significant future growth at the Zone as economic growth in the Gulf returns to normal, and particularly as the Iraqi economy enters the next phase of post-war development. Given the unparalleled facilities offered by the Zone, as well as the open and positive investment climate prevailing in Bahrain, I see every reason for optimism regarding the future of this world-class logistics facility. To lend credence, I am proud to say that BLZ has already gained international recognition when it was ranked number 9 overall among the 'Top 25 Free Zones of the Future 2010/11' and also ranked number 10 for 'FDI Promotion Strategy' by the fDi magazine in its global ranking of economic zones.

Progress was made in developing a new role for Mina Salman: we propose to set up a construction materials terminal on a portion of the old port premises. The Master Plan will be completed in 2011 with the selection of a suitable operator thereafter.

We continued our efforts to establish and maintain an exemplary regulatory and administrative framework with respect to ports and shipping in Bahrain. We have made further strides in developing a national Maritime Code, a project that is now approaching completion and will further improve the effectiveness of port and shipping monitoring and control in the Kingdom, in line with standards set by international organisations. We intensified ongoing Port State Control ship inspections during 2010 and set an even higher inspection target for 2011. We also established certain rules and regulations with the port operator, and completed a revision of port tariffs in close consultation with the relevant stakeholders. Overall, I am happy to note that GOP continued to maintain service levels and complied diligently with all relevant health, security, safety and environmental regulations.

Furthermore, considerable efforts were devoted to business promotion, including trade missions to Japan, Germany, UK and the UAE. We initiated the Bahrain Maritime Festival 2010 as a pilot initiative to celebrate World Maritime Day and showcase Bahrain as an emerging maritime centre.

Our vision of making Bahrain the primary regional shipping centre for the Northern Gulf calls for strengthening the Kingdom's maritime-oriented culture through education and training – which are important elements of GOP's mandate. Over the past few years we have held discussions with various international



education providers to set up a maritime academy in Bahrain. This will be pursued further during the year ahead. The GOP undertook promotional efforts targeting young Bahrainis as part of the Bahrain Maritime Festival in September, encouraging them to consider careers in the maritime sector. Meanwhile, we continued to build capacity within the GOP through domestic and overseas training, and have seconded two members of staff to pursue a master degree course at the World Maritime University, in Sweden.

An important achievement during 2010 was GOP's quality-management certification by Det Norske Veritas under the ISO 9001:2008 standard, a feat that was accomplished with active contribution from staff and management. ISO quality compliance ensures that all processes have key performance indicators, and that these are monitored and documented. This will thus tighten our internal processes and help us measure our performance against international benchmarks more accurately over time.

Although our working relationships with other government bodies are well established, we continuously strive to sustain and improve them. We have coordinated and cooperated with different ministries and departments to develop cruise tourism, as in the end, all are partners in the larger effort to market Bahrain to the world and realise Vision 2030.

Looking forward, GOP sees great future prospects for Bahrain, as well as a number of challenges. Our particular objectives for 2011 include not only expediting the passing of the Maritime Code into law, but also ensuring that its provisions are embraced and acted upon by the relevant stakeholders and partners. Apart from this major effort, certain licensing processes still

require streamlining, and it is necessary to formalise and codify standards for port and other facility operators. On the infrastructure side, Stage 2 of channel dredging, construction of the service area at KBSP and further development of BLZ will receive close attention.

Before concluding, I would like to take this opportunity to extend my most sincere thanks to His Excellency the Chairman and our Board of Directors for their invaluable advice and support, and to every member of the GOP team for their hard work and commitment to our institutional goals and culture. Without their contribution, none of the achievements of this year would have been possible. Neither would they have been achieved without the corresponding efforts of our partners in government and the private sector, with whom we share not only economic and commercial interests but also a common strategic vision of growth, development and achievement for the Kingdom of Bahrain. To them, too, I extend my most sincere thanks.



Hassan Ali Al Majed
Director General



BOARD OF DIRECTORS PROFILES

Shaikh Daij bin Salman bin Daij Al Khalifa

CHAIRMAN



Shaikh Daij bin Salman Al Khalifa is Chairman of the GOP Board and Undersecretary for Ports Affairs at the Ministry of Finance. He held the position of President of Customs from March 2006 until June 2008 and prior to that he was Assistant Undersecretary for Foreign Trade at the Ministry of Industry and Commerce. Other positions presently held by him include: Chairman of Arab Shipbuilding and Repair Yard Company (ASRY), Asry Marketing Services Ltd. (ASRYMAR) and Board Member, United Arab Shipping Company and Bahrain Convention and Exhibition Authority. Previous positions held by him included: Chairman of Bahrain Airport Company and GCC Patent Office,

Deputy Chairman, Bahrain Promotions & Marketing Board, and Board Member of Tender Board, Aluminium Bahrain (Alba), Shaikha Hessa Girls School and King Fahd Causeway Authority. He holds a BSBA in International Business from the American University, Washington, D.C. and a Leadership Management Diploma (Gulf Executive Program) from the University of Virginia, USA. Recipient of Seatrade's Middle East and Indian Subcontinent 'Personality of the Year 2010' award.

Eid Abdulla Yousuf Al-Yaqoub

DEPUTY CHAIRMAN



Mr. Al-Yaqoub has been Deputy Chairman of the Board since 2006. From 1995 to 2006, he was President of Customs and Ports at the Ministry of Finance and earlier served as Chairman of Board of the Arab Shipbuilding and Repair Yard (ASRY), the United Arab Shipping Company, the Arab Maritime Petroleum Transport Company, and on the Board of Middle East Navigation Aids Services. Holding a Second Marine Officer Certificate from Southampton, UK and a Diploma in Marine Shipping Management Studies from Sweden and Egypt, Mr. Al-Yaqoub was the youngest GCC citizen to qualify as a Marine Pilot in 1970.

Jawad Yousuf Alhawaj



A prominent business entrepreneur in the GCC with diverse business interests in the fields of perfume, cosmetics, jewellery, watches, fashion and consumer electronics, Mr. Alhawaj is also Deputy Chairman and Managing Director of Alhawaj. He is a member of the Executive Committee and Chairman of Commercial Sector and Traditional Markets Committee at the Bahrain Chamber of Commerce and Industry (BCCI). He is also Chairman of Techno Blue (Samsung), Al Manar in Qatar, Azadea, and Bahrain International Retail Development Centre WLL. He studied economics and political science at the Lebanese University.

Ahmed Isa Bubshait



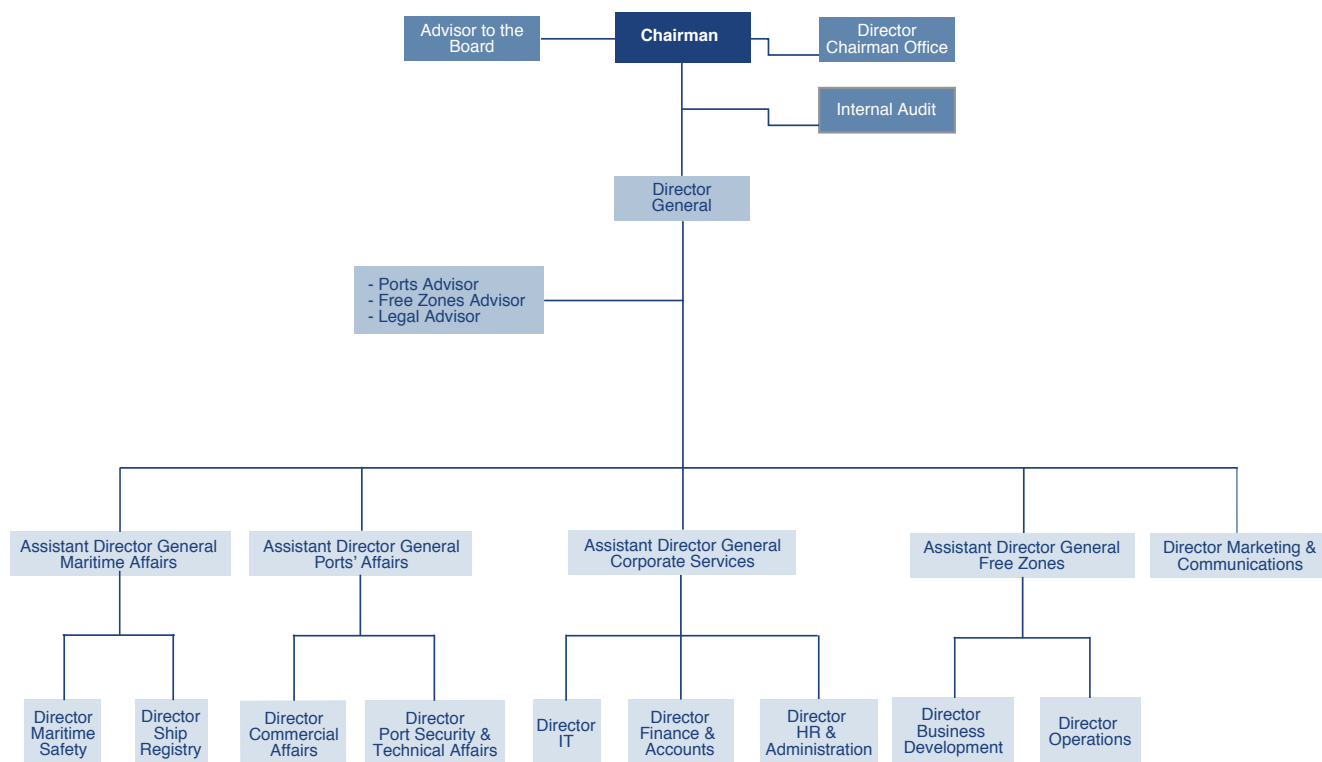
A senior representative of the Ministry of Industry and Commerce, Mr. Bubshait is Assistant Undersecretary of Foreign Trade. Mr. Bubshait is also a member of the Board of the Bahrain Livestock Company, the General Poultry Company, the Bahrain Convention and Exhibition Authority, the King Fahad Causeway Authority and the GCC patent office. Mr. Bubshait holds a BSc from Al Azhar University Cairo, a Gemology Diploma from the Gem and Pearl Testing Lab of Great Britain, and the Leadership Management Diploma (Gulf Executive Program) from the University of Virginia. Previous positions include Vice Chairman, National Committee for Standards and Metrology.

Lars-Peter Grönberg



A Swedish national, Lars-Peter Grönberg is Project Director for GAC Global Marine Leisure Logistics and recently concluded 8 years as Managing Director of Gulf Agency Company (GAC) Bahrain and the Swedish Honorary Consul in Bahrain. He held senior management positions with GAC in Nigeria from 1994 to 2003, before which he worked Captain of various vessels under Bech Management in Denmark from 1991 to 1993. Mr. Grönberg was an officer cadet at the Royal Swedish Naval School and holds a Bachelor of Science degree from the Swedish Nautical Science Merchant Marine Academy, a Postgraduate Diploma from Polytechnic South West (Plymouth, UK) and a Diploma in Management Studies (DMS Shipping).

ORGANISATION CHART



MANAGEMENT TEAM



Yousif Bubshait
Director
Commercial Affairs

Hassan Al Majed
Director General

Essa Yateem
Assistant Director General
Maritime Affairs

Nasser Al Sowaidi
Assistant Director General
Security, Legal and
Consultancy Affairs

Maysoon Sabkar
Director
Marketing and Communications

Hamad Fakhro
Assistant Director General
Bahrain Logistics Zone

Not pictured above:

Nabeel Al Shaikh, Director - Finance, Acting Assistant Director General - Corporate Services Affairs

Salman bin Essa Al Khalifa, Director - Business Development, BLZ

Terki bin Daij Al Khalifa, Director - Operations, BLZ



OPERATIONS REVIEW

A STRATEGIC APPROACH

IN BRIEF

If the complexities of a busy and eventful year could be summed up in a few words, then 2010 might be termed a year of 'consolidation with a strategic purpose' for the General Organisation of Sea Ports (GOP). Following the opening of Khalifa Bin Salman Port (KBSP) in 2009, the year under review saw steady business growth at KBSP. Meanwhile, planning for further infrastructure development continued at KBSP, the Bahrain Logistics Zone (BLZ) and Mina Salman Port. GOP continued to improve and enhance its regulatory, oversight and administrative capabilities, while supporting knowledge and skills development in Bahrain and the GCC region through training programmes and institution-building. To sustain the momentum of these initiatives several promotional activities were undertaken through a series of selected marketing initiatives, industry events and sponsorship.

It was also a successful year in terms of working towards achieving strategic objectives and operational outputs, with targets being met in most areas. To sum up, the year's financial and operational results leave GOP well on track to achieve the objectives of its Strategic Plan 2011-2016 and fulfil its mandate in the realisation of Vision 2030.

A GLOBAL MARITIME CENTRE IN THE MAKING

A key strategic objective of GOP is to position Bahrain as an internationally reputed maritime centre in terms of its competitiveness, regulations, infrastructure, services and standards. Overseeing all maritime activity in Bahrain, GOP successfully executed several initiatives during 2010 including; steps to ensure health, security, safety and environmental (HSSE) compliance for vessels in Bahrain's territorial waters and ports; the implementation of best practices and international standards, fair regulation and enforcement of maritime laws. The key activities and results are summarised below.

The New Maritime Code

Perhaps the most important initiative currently being undertaken by GOP is the finalisation of a new set of maritime laws for Bahrain, known as the Maritime Code. Drawn up by a committee chaired by GOP and comprising all relevant institutions and entities, the new Code will be passed to the appropriate legislative bodies in 2011. It covers issues related to international maritime conventions and protocols and the operation of port facilities, as well as defining the role, responsibility and functions of GOP. The Code also establishes jurisdiction with respect to international conventions to which Bahrain is presently, or will in the future be, a signatory. The new Code will supersede an earlier law promulgated in 1982 and bring Bahrain up to date with developments in international maritime law.

Private Jetties

New provisions for the regulation and management of private jetties were introduced during the course of the year, comprising new licensing requirements and provisions intended to improve the infrastructure and services provided at private jetties, bringing them in line with international standards of efficiency, security and safety.

Supervision and Enforcement

GOP implements national and international HSSE standards through a Quality Management System. Activities include the improvement of safety and security of port facilities and private jetties, and inspections to ensure compliance with HSSE requirements through awareness creation and training.

Ship Inspections

GOP continued to conduct Port State Control inspections to ensure that foreign vessels calling Bahrain's ports are in compliance with international conventions and regulations. Vessel inspection showed an increase from 30 ships in 2009 to 52 ships in 2010. Detentions, which act as deterrents against non-compliance, also increased from 8 in 2009 to 13 in 2010. Inspections were carried out against benchmark indicators specified under Chapter V of SOLAS, the International Convention for the Safety of Life at Sea.

Environmental Protection And Safety

The strategy is based on the principle of prevention rather than cure. By putting in place the necessary foundations based on training and certification, adoption of international standards and modern technology, GOP strives to prevent ships from undertaking unsafe practices.

GOP has made substantial progress towards the adoption of guidelines and regulations outlined by the IMO's Marine Environment Protection Committee, whereby intensive training has been provided to upgrade the capacity of enforcement officers.

GOP also implements regular training programmes for ship owners and other stakeholders in the region to increase awareness, including IMO's International Convention for the Prevention of Pollution from Ships (MARPOL) and inspection of small ships.

In addition to investing in people, GOP has invested in equipping ports with modern Vessel Traffic Systems to assist navigation, and has made it mandatory for ships in Bahraini waters to install Automatic Identification Systems. GOP has already adopted the Long Range Identification and Tracking (LRIT) system for ships, being the first Arab country to do so.

Partnerships with the Maritime Community

As part of its commitment to an active role in the international and regional maritime community, GOP holds memberships and partnerships with the world's leading industry organisations, such as the United Nations' International Maritime Organisation (IMO), and is a signatory to relevant international conventions. In fact, Bahrain remains a front-runner signatory on many of these conventions and maintains a close relationship with the IMO, as befits the Kingdom's aspiration to become a maritime leader in the region.

Transshipment

In fulfilling its goal of establishing Bahrain as the preferred transshipment hub for the Northern Gulf, GOP relies extensively on world-class performance in KBSP and BLZ. Although the operation of KBSP is managed by a private operator, it is worth mentioning that the Port is duly supported by infrastructure development and business promotion by GOP as part of its public-private partnership business model. It is therefore commendable to note that APM Terminals Bahrain has secured APL as a major transshipment customer, which serves as a direct connection between Bahrain and Asia.

Volume handled during 2010 saw significant growth duly supported by productivity improvements all round. More details on the performance of KBSP are given in the Khalifa Bin Salman Port Performance section on page (30).

DEVELOPING CRUISE TOURISM

Tourism has become an important economic growth area for Gulf countries. In this sector, the cruise tourism business shows strong potential, with recent studies by the industry body, Seatrade, showing that passenger spend per port of call for a 2,000-passenger cruise vessel averages over a quarter of a million dollars. Bahrain is already a popular stop for cruise ships due to its cultural and other attractions,





and the Kingdom is now being promoted as a destination for cruise tourists through a national public-private partnership approach led by the Tourism Directorate of the Ministry of Culture. A noteworthy initiative in this regard was the Seatrade Middle East Cruise Forum 2010, held in May, of which GOP was a sponsor. The forum brought together executives from the major cruise liners with regional stakeholders to discuss what needs to be done to support growth in cruise tourism, as well as developing the region's own potential as a preferred destination for cruise passengers.

The year 2010 saw a slight increase in the number of cruise liners visiting the Kingdom, from 62 in 2009 to 67 cruise ships during 2010.

BUSINESS PROMOTION

During the course of the year, senior GOP executives undertook a number of promotional tours or 'roadshows' to promote the Kingdom's logistics and maritime credentials and explore opportunities for enhanced trade and cooperation.

A high-level delegation visited Japan and held meetings with relevant Japanese government ministries as well as with large Japanese logistics companies.

Another delegation visited the Hashemite Kingdom of Jordan at the invitation of the Jordanian Maritime Authority. The focus of the visit was to build mutual cooperation between the Jordanian authority and GOP. The key outcome was the signing of a Memorandum of Understanding between the authority and GOP on the mutual recognition of seafarers' certificates issued by both administrations, in accordance with the International Conventions on Standards of Training and Watch-keeping, for Seafarers Certification (STCW).

An important and very successful visit was that by a GOP delegation to Germany. This visit resulted in the signing of a significant logistics agreement with the City of Nuremberg for the development of mutual cooperation and the enhancement of bilateral relations.

An equally successful event was the briefing held in the United Kingdom to promote Bahrain's business environment, logistics and maritime credentials. 'Bahrain Gateway' was attended by a number of high-level dignitaries and leading British industry figures. Held in cooperation with United Kingdom Trade and Investment, the UK's official trade-promotion body, and the Society of Maritime Engineers, the Bahrain Gateway briefing offered unique insight into the GCC's trillion-dollar market



and promoted the Kingdom's logistics and maritime developments, exploring opportunities and cooperation between the two countries.

The last of the year's roadshows was another business briefing, titled 'Bahrain Briefing' that was held in Dubai, which was attended by UAE-based industry leaders representing the maritime and logistics industries. Topics of interest to the maritime, ports and related industries were discussed, and in particular the sector's growth opportunities in Bahrain.

A CENTRE FOR INDUSTRY EVENTS

Bahrain Maritime Festival

A high profile event in GOP's calendar was the launch of the first Bahrain Maritime Festival (BMF), a pilot initiative created to mark World Maritime Day. Under the theme 'the year of the seafarer', BMF ran from 20 through 25 September 2010.

BMF consisted of four main events. It commenced with a tour of Bahraini higher-education institutes with the theme 'Maritime Careers' to complement IMO's ongoing 'Go to Sea' motivational campaign for young people. During the tour, delegates from GOP, APM Terminals Bahrain, Arab Shipbuilding and Repair Yard Company (ASRY) and Tamkeen, the Bahrain Labour Fund, made presentations aimed to highlight career prospects in the maritime industry. This was followed by a Seafarers' Awards Ceremony, at which more than 50 long-serving Bahraini seafarers, both active and retired, were honoured and presented with awards to commemorate their contribution to the industry at a special reception attended by 300 guests from the public and private sectors. The third event which targeted the general public featured the premiere of a photography exhibition

under the theme 'The Mariner', organised in collaboration with the local photography firm KSDi. The final activity of BMF was a Seafarers' Welfare Day, organised by APM Terminals Bahrain and held at KBSP, at which crew members from ships calling the port were offered free medical checkups, while a blood donation campaign was held for APM Terminals Bahrain and GOP staff members.

It is relevant to note that the funding model for the event involved support and sponsorship from industry stakeholders in the spirit of public-private partnership, a business approach that GOP will pursue in other areas as well.

Other Events

GOP was active in attracting worldwide attention to the maritime and logistics capabilities of Bahrain through numerous meetings, incentives, conferences and exhibitions in the sector and sponsorship of key industry events.

Amongst the sponsored events were Lloyd's List and Seatrade's pre-eminent global and regional maritime industry awards. During the year, GOP's Chairman was presented with the "Personality of the Year" award of the Seatrade Middle East and Indian Subcontinent Awards 2010 at a special ceremony held in Dubai. It is also worthy to note that the GOP was shortlisted for Seatrade's 'Port Authority' award as well as Lloyd's List 'Clean Seas and the Environment', 'Freight, Transport, and Logistics' and 'Port Authority/Terminal Operator' awards which symbolise GOP's efforts in promoting Bahrain's growing reputation as an active player in the maritime and shipping industries.

Another important development was the signing of an agreement in September to host the 8th Trans Middle East Transport

Fair and exhibition in Bahrain in 2012 and to be hosted in Bahrain every three years thereafter. GOP will be a host of this event, which will feature top-calibre speakers on issues affecting the development of cargo shipping and transport logistics in Europe, the Middle East and Africa, as well as reviewing new developments in shipping and logistics.

Recognition and Awards

The Bahrain Logistics Zone was recognised when the Financial Times “fDi” magazine ranked the BLZ as 9th among the ‘Top 25 Free Zones of the Future 2010/11’ in its global ranking of economic zones, and 10th for its ‘fDi Promotion Strategy’ under the ‘Overall’ category. Judging criteria included economic potential, cost effectiveness, incentives, facilities, transportation, and FDI promotional strategy. A total of sixty-six zones were shortlisted and evaluated by an expert panel of independent judges.

MARITIME TRAINING AND EDUCATION

A Specialised Academy

The goal of establishing an internationally accredited maritime and logistics

training and education institution complements Bahrain’s aspiration to become a globally competitive maritime centre. Negotiations with two leading educational institutions are continuing in this regard.

Training and Development

Meanwhile, internal training and skills development at GOP made further progress, with two Bahraini maritime executives enrolled in a one-year Master’s course in Maritime Safety and Maritime Law at the World Maritime University in Sweden.

Seminars and Workshops

GOP held a number of national and regional seminars and workshops during 2010. Noteworthy among these were:

- A seminar on maritime law held in association with Hassan Radhi & Associates law firm, which was attended by fifty Bahraini lawyers and covered subjects such as ship registration, mortgage, deletion and transcript, and the means of settlement of various disputes relating to ships, insurance, cargoes and crews;





- A two-day regional training workshop for maritime professionals from Bahrain, Qatar, KSA and the UAE on the newly-implemented LRIT system; and
- A five-day regional training course designed to promote consistent and effective implementation of IMO instruments under the Voluntary IMO Member State Audit Scheme (VIMSAS), which was attended by participants from the six GCC states as well as Cyprus, Egypt, Jordan, Lebanon, Libya, Sudan, Syria, Turkey and Yemen.

Seminars and workshops of this kind also have an important effect in helping publicise Bahrain as a leading maritime centre, creating positive knock-on effects for the Kingdom's ports, logistics and transshipment businesses.

OPTIMISING ASSET UTILISATION

As the custodian of some of the most strategic assets of the Kingdom, namely, KBSP, Mina Salman Port and BLZ, GOP strives to optimise the utilisation of these facilities, using them to attract investment and generate income through diversified revenue streams while not compromising on safety and security. Some key achievements during 2010 are discussed below.

Infrastructure Improvements

Results at KBSP included the completion of the first stage of dredging to increase the depth of the approach channel to 13.5 metres draught (to be increased to 15 metres in the subsequent dredging stage), and improved security at the port through the use of CCTV and night vision cameras installation at strategic locations throughout the area.

Documentation for inviting bids to build a state-of-the-art service area on a 42,000m² site, featuring a bonded multi-storey car park with capacity for 4,000 vehicles, warehouse facilities, office space and a filling station were finalised during the year.

At the Bahrain Maritime Festival held in Bahrain in September, GOP announced its intention to construct a dedicated seafarers' building at the port, which will provide rest and other amenities as well as permanent premises for the Bahrain Seafarers' Society.

A New Role for Mina Salman Port

For nearly half a century, Mina Salman Port was the principal port of the Kingdom, recognised as one of the primary anchorages of the Northern Gulf. The advent of KBSP certainly does not spell the end for the port, whose easy access to Gulf sea-lanes makes it an asset of continuing value. Falling under the jurisdiction of the GOP, a strong operational role for Mina Salman is envisaged in the Kingdom's maritime industry. GOP is currently exploring various options for the best future use of the facility, one option being to reconfigure Mina Salman as a specialised terminal to handle the bulk of construction materials required by Bahrain's economic and infrastructure development.

Developing BLZ

Following the signing of tenancy agreements with a number of leading local and international companies previously, BLZ continued to sign up, during the year, with potential tenants who had met the stringent criteria set for allocation of space at the BLZ. The agreements will ensure that the selected tenants engage in activities that offer good job opportunities and training for the local manpower and attract substantial inward investment to the Kingdom.

Having successfully completed the ground infrastructure, 2011 will see the next phase of infrastructure development comprising construction of pre-built facilities, as well as book-building exercises in local, regional, and international markets.

EXCELLENCE IN OPERATIONS AND SERVICE DELIVERY

As a regulator, GOP has a service provision and licensing function. This function requires excellence in customer service, duly supported by efficient and effective support services in areas such as accounting, IT, human resources and administration. Where appropriate, some of the support functions are outsourced to specialised firms, thereby allowing GOP to focus on its core business and competencies.

ISO Certification

GOP's fundamental commitment to quality – manifested in more efficient operations, enhanced business performance and optimal profitability for its business partners, users and other stakeholders – has not wavered since its inception. This drive towards continuous improvement achieved an important step forward with the development and implementation of a Quality Management System conforming to ISO 9001:2008, the internationally-recognised standard for quality operations and management.

The ISO 9001:2008 certification process commenced during the first quarter of 2010. An internal audit team of six members was trained and certified to conduct the comprehensive internal-systems audit that is a prerequisite for accreditation. The conformity of the quality management system at GOP was determined through the development of a set of benchmarks and standards for all divisions and introduction of the appropriate supporting documentation. Following this, GOP's systems were certified by Det Norske Veritas (DNV), an international risk-management consultancy and registered ISO audit firm, following a thorough audit of the quality management system. Similar audits will be conducted every year in order to ensure that standards continue to be maintained in every department.

Support Services

Work continued on a project to implement a fully automated Ship Registry Portal that will include on-line facilities for application, calculation of fees, payments, automatic notifications and issuance of certificates.

As another step towards full automation of business processes within GOP, the Financial System was upgraded from Navision version 5.0 to NAV 2009. The latter includes more advanced feature capabilities like on-line payment, tariff management and contract management. Measures were introduced for better financial control, particularly in respect of the billing process for rent and port and harbour dues handling charges, garbage, and departure certificates. These efficiency improvements in the processes not only provide enhanced customer

convenience but also improve the cash flow for GOP through a better control of receivables.

Another initiative was the signing of credit agreements with Shipping Agents. These agreements are backed by bank guarantees.

Partial implementation of the Human Resources System (RYTE HRMS and Self Service) was accomplished based on the Personnel Manual. In addition, HRMS was fully integrated with the time and attendance application as well as Navision.

Staffing at GOP increased from 76 employees to 82 by end 2010, of whom 94 percent were Bahrainis. The organisation structure and job descriptions of all staff were reviewed and updated during the year to support the performance driven culture that will equip GOP to deliver on the Strategic Plan.

STRATEGIC PLAN 2011-2016

GOP's Strategic Plan 2011-2016 represents a major initiative of great importance. It sets the roadmap of what GOP strives for in the future through a set of six strategic objectives. An important outcome was the provision of a clear sense of purpose and direction, leading to key performance indicators and timeframes, coupled with progress monitoring and feedback within all units in the GOP.



KHALIFA BIN SALMAN PORT PERFORMANCE

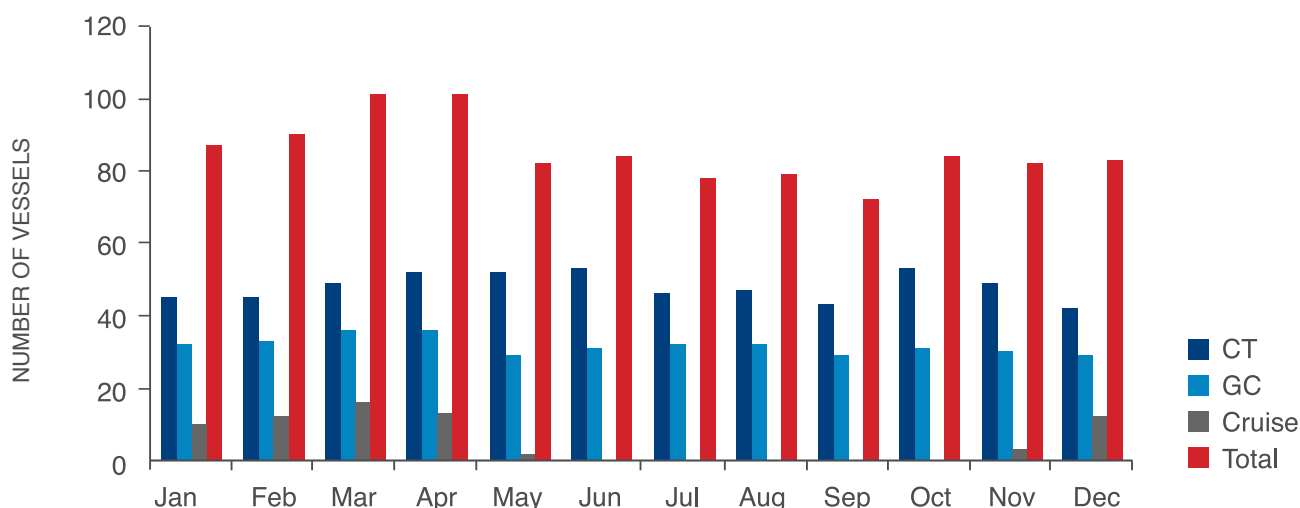
STAYING ON COURSE

Since it commenced operations on 1 April 2009, the Khalifa Bin Salman Port (KBSP) has made significant strides towards GOP's planned objective of becoming it the premier transshipment hub for the Northern Gulf. Significant improvements in commercial activity and productivity have been achieved since its operation, driven by targeted promotional activity and streamlining of processes, as can be seen from the statistics that follow. Statistics for 2009 include operations at Mina Salman during the period January to March, which were then shifted to KBSP.

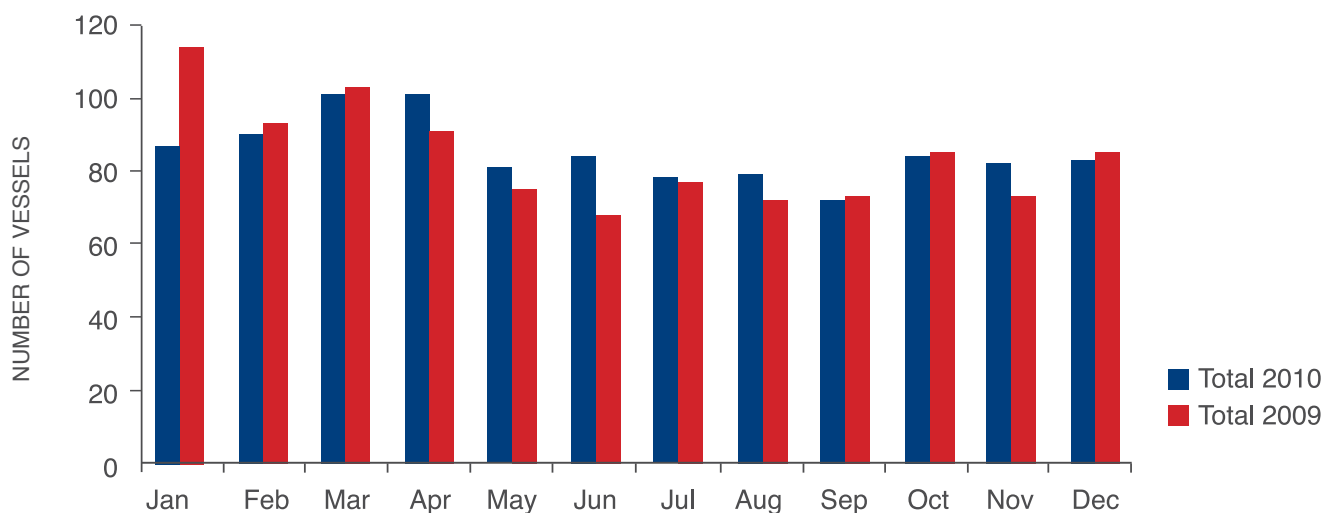
INDICATORS OF COMMERCIAL ACTIVITY

NUMBER OF VESSELS

The annual number of vessels calling at KBSP increased marginally from 1,009 in 2009 to 1,023 in 2010. In terms of composition, Container Traffic (CT) accounted for 576 vessels, followed by General Cargo (GC) at 380 vessels in 2010. Cruise business is seasonal in nature, and attracted 67 vessels.



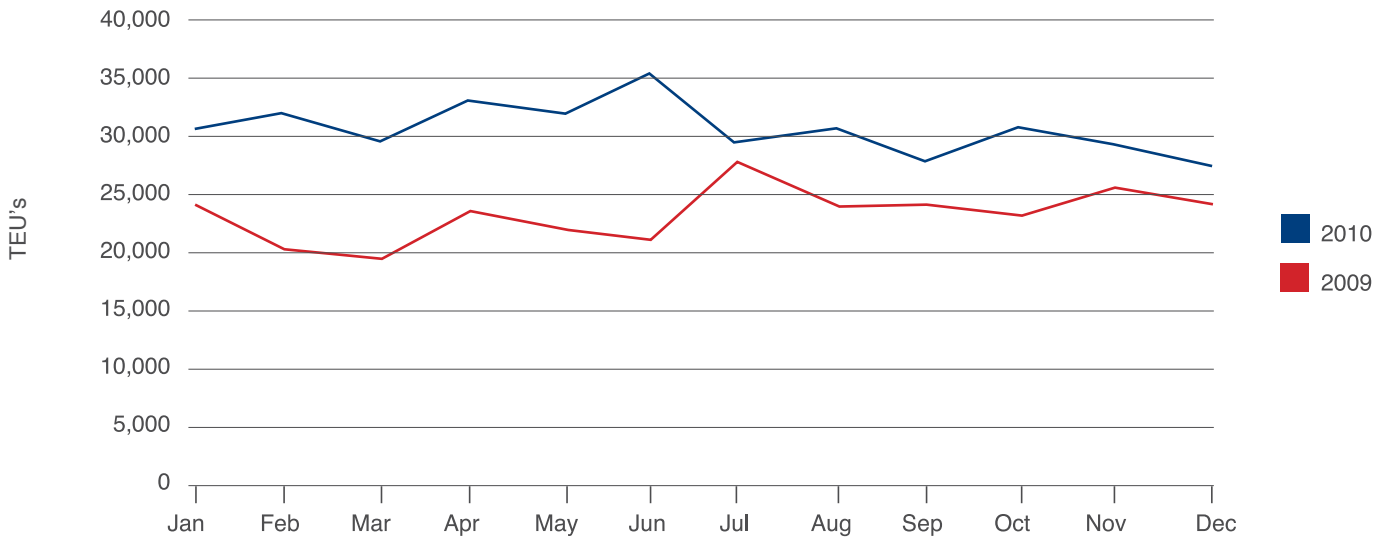
Total number of vessels, by type, berthing at Khalifa Bin Salman Port in 2010.



Total number of vessels, berthing at Khalifa Bin Salman Port in 2009 and 2010.

CONTAINER THROUGHPUT

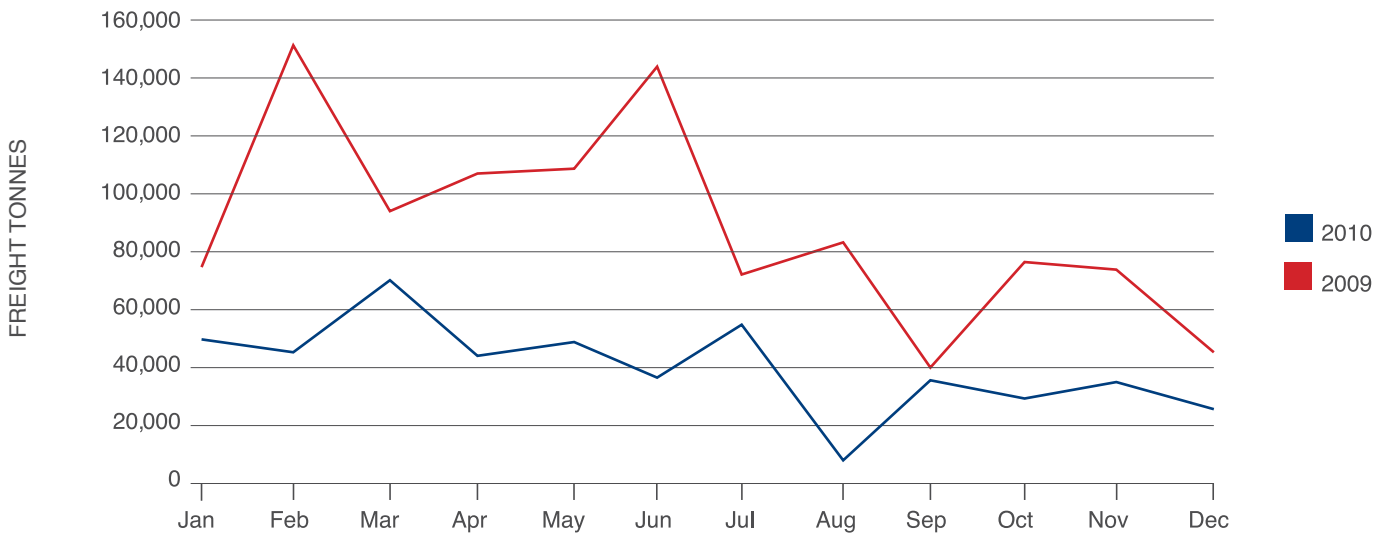
Container throughput increased by 31 percent from 280,060 TEUs in 2009 to 367,589 TEUs in 2010.



Total number of TEU's (Twenty foot equivalent units) handled at Khalifa Bin Salman Port in 2009 and 2010.

GENERAL CARGO THROUGHPUT

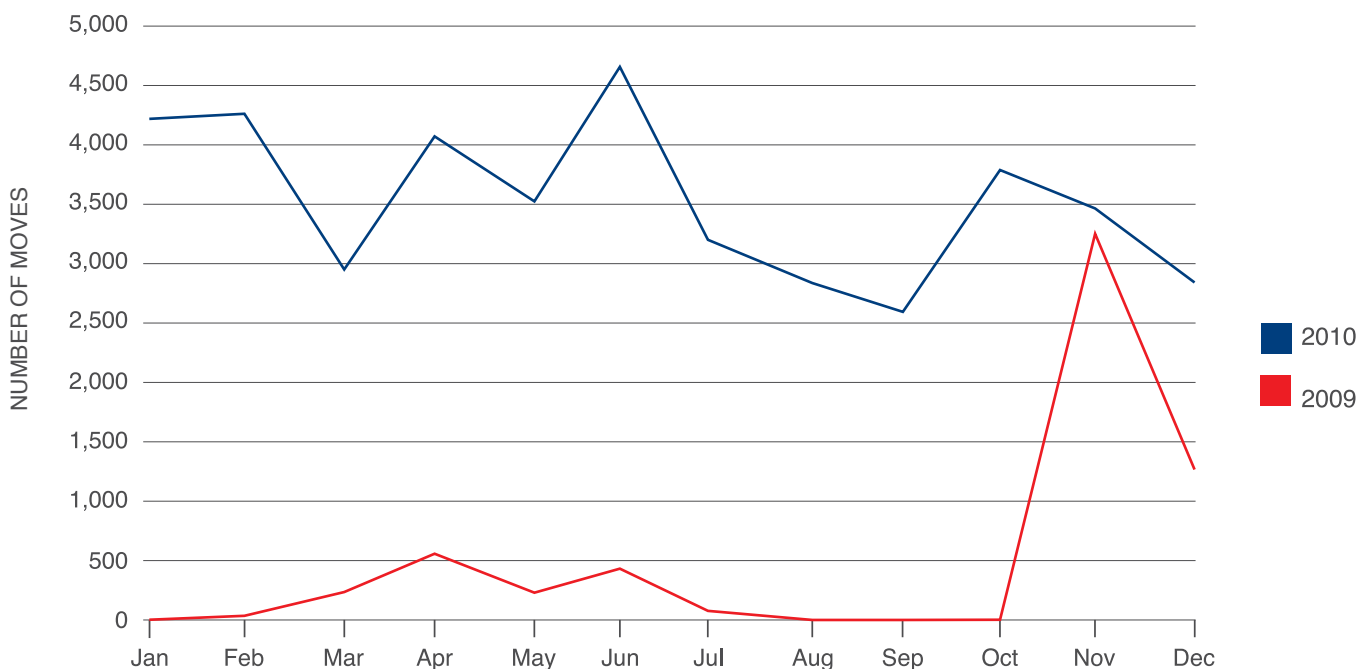
General Cargo throughput for the 2010 amounted to 478,956 Freight Tonnes, representing a sharp decline of 55 percent from the previous year. However, 2009 saw spikes during the months of February and June that accounted for a total of about 295,267 Freight Tonnes, or 28 percent of the whole year's volume.



Total number of Freight Tonnes handled at Khalifa Bin Salman Port in 2009 and 2010.

TRANSHIPMENT

Transshipment moves handled during the year under review saw a 596 percent growth from 6,100 moves in 2009 to 42,432 moves in 2010. This is in keeping with one of GOP's key strategic goals in setting up KBSP, namely, to take due advantage of Bahrain's strategic location in the Gulf.

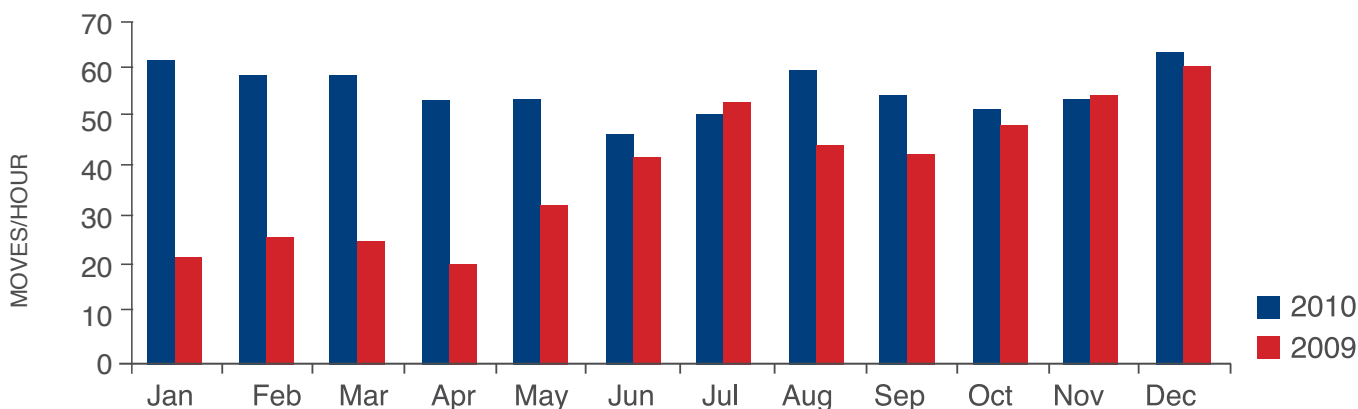


Total number of transshipment moves handled at Khalifa Bin Salman Port in 2009 and 2010.

INDICATORS OF EFFICIENCY

BERTH PRODUCTIVITY

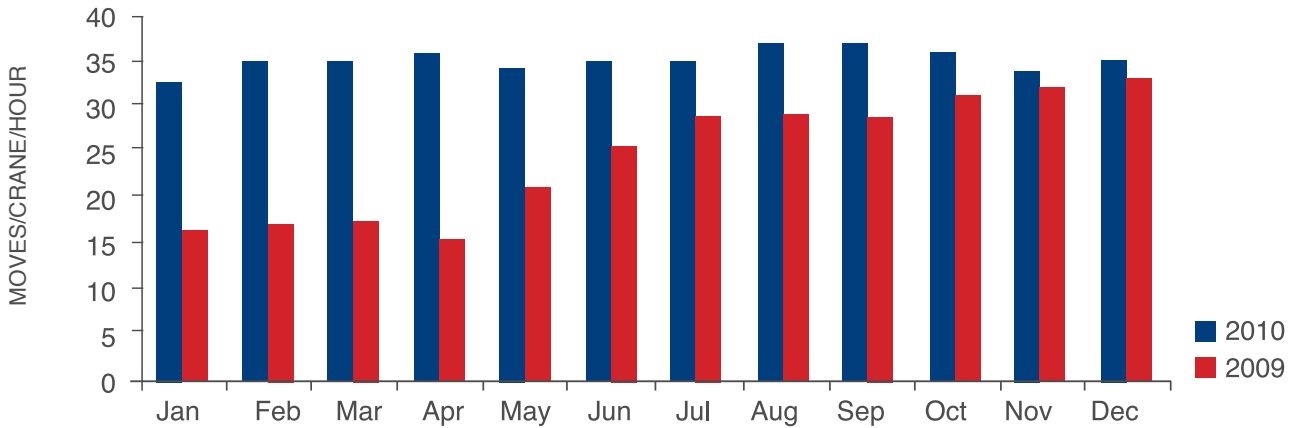
Berth productivity improved by 41 percent over the previous year, averaging 55.9 moves per hour in 2010 compared to 39.5 moves per hour in 2009.



Berth productivity as measured by moves per hour at Khalifa Bin Salman Port in 2009 and 2010.

GROSS CRANE PRODUCTIVITY

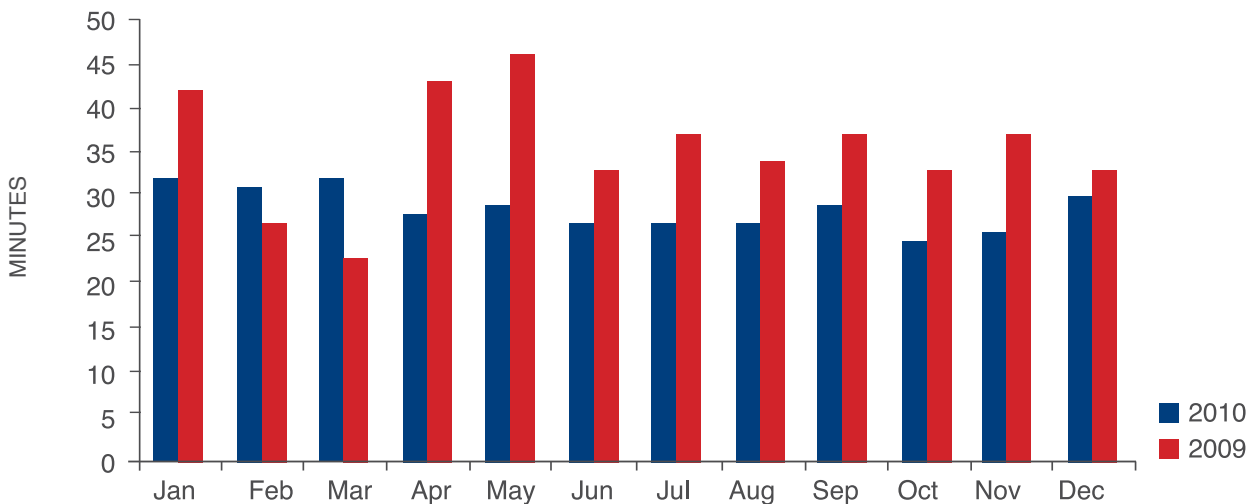
Gross crane productivity was roughly consistent throughout the year under review, averaging 35.2 moves per crane per hour. This represents a 42 percent improvement over the 24.9 moves per crane per hour achieved in 2009.



Gross crane productivity as measured by moves per crane per hour at Khalifa Bin Salman Port in 2009 and 2010.

GATE TURN TIME

Gate turn time, a measure of truck turnaround time from the container terminal entrance gate to the exit gate, was kept at a very low and stable level averaging 28.2 minutes throughout the year. This is not only a 20 percent improvement over the 35.4 minutes averaged in 2009, but also better than the global benchmark of 30 minutes, indicating a high level of efficiency maintained by the port operator, APM Terminals Bahrain.



Gate turn time as measured by the number of minutes from the container terminal entrance gate to the exit gate at Khalifa Bin Salman Port in 2009 and 2010.

FINANCIAL STATEMENTS



CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

I am pleased to present the annual audited financial statements of the General Organisation of Sea Ports ("the Organisation") for the year ended 31st December 2010.

The Organisation has achieved increased revenue despite continued recessionary trends in the construction activities in the Kingdom and only a marginal improvement in the global economy and world trade including the port and shipping industries from the second half of 2010.

As revealed in the enclosed audited financial statements for the year:

- 1 The gross revenue of the Organisation for the year was BD10,133,807 (2009: BD10,476,915 – this includes an amount of BD923,650, a onetime payment towards 25 years Concession Fee for KBSP). Excluding the Concession Fee received in 2009 the gross revenue in 2010 increased by 6% as compared with the previous year.
- 2 The gross expenses of the Organisation for the year were BD3,805,651 (2009: BD3,523,776), an 8% increase from the previous year.
- 3 The surplus of the Organisation for the year was BD6,328,156 (2009: BD6,953,139), a 9% decrease from the previous year.
- 4 The cash surplus (net of depreciation and capital expenditure) to be transferred to the state budget in accordance with Article no. 11 of the Legislative Decree no. 61 for the year is BD6,218,188 (2009: BD6,607,738), a 6% decrease from the previous year.

The future outlook for the Organisation, which has since finalised its business plan and priority initiatives to achieve its strategic objectives, is very positive and the Organisation hopes to achieve even better results in 2011.

I take this opportunity to extend my sincere thanks and appreciation to His Excellency Shaikh Ahmed bin Mohammed Al Khalifa, Minister of Finance, Kingdom of Bahrain, for his continued support, and to my colleagues on the Board of Directors and the entire management and staff of the Organisation for their hard work and dedicated support to make 2010 yet another successful year in spite of difficult market conditions.

The Organisation looks forward to the future with optimism and rededicates itself to ensuring that the Kingdom's port, maritime and logistics sectors offer their customers world-class facilities and services at competitive prices, and to playing an important role in realising the Kingdom's Economic Vision 2030.



Daj bin Salman bin Daj Al Khalifa
Chairman

24 April 2011

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF GENERAL ORGANISATION OF SEA PORTS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of General Organisation of Sea Ports (the "Organisation"), which comprise the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of changes in accumulated funds and the statement of cash flows for the year then ended, and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Organisation are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical

requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organisation as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the Law Number 61 of 2006 with respect to the General Organisation of Sea Ports, we report that:

(1) we have obtained all the information we considered necessary for the purpose of our audit;

(2) the Organisation has maintained proper books of account and the financial statements are in agreement therewith; and

(3) the financial information included in the Chairman's report is consistent with the books of account of the Organisation.

In addition we report that nothing has come to our attention which causes us to believe that the Organisation has breached any of the applicable provisions of the Legislative Decree Number 61 of 2006 with respect to the General Organisation of Sea Ports which would materially affect its activities, or its financial position as at 31 December 2010.



Manama, Kingdom of Bahrain
24 April 2011

STATEMENT OF FINANCIAL POSITION
as at 31 December 2010
(Expressed in Bahrain Dinars)

	Notes	31 December 2010	31 December 2009
ASSETS			
Non-current assets			
Plant and equipment	6	455,369	345,401
Current assets			
Trade and other receivables	7	2,569,562	1,977,067
Cash and cash equivalents	8	4,379,683	5,590,867
		6,949,245	7,567,934
Total assets		7,404,614	7,913,335
ACCUMULATED FUNDS AND LIABILITIES			
Accumulated surplus	18	6,673,557	6,953,139
Current liabilities			
Accruals and other payables	10	552,557	710,372
Deferred income	11	178,500	249,824
		731,057	960,196
Total accumulated funds and liabilities		7,404,614	7,913,335

These financial statements, set out on pages 38 to 53, were approved for issue by the Board of Directors on 24 April 2011 and signed on its behalf by:



Daj bin Salman bin Daj Al Khalifa
Chairman



Hassan Ali Al Majed
Director General

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2010
(Expressed in Bahrain Dinars)

	Notes	2010	2009
Revenue			
Royalty revenues	12	3,682,970	3,418,859
Operational revenues	13	3,790,940	4,283,378
Rental revenues		2,077,024	1,169,163
Concession fee	14	-	923,650
Tanker revenues		449,155	486,831
Marine dues		48,072	53,575
Bank interest income		84,514	107,901
Other income		1,132	33,558
		10,133,807	10,476,915
Expenses			
Staff costs		(1,956,840)	(1,588,430)
General and administrative expenses	15	(1,217,119)	(1,065,870)
Consultancy fees		(338,760)	(577,335)
NAVTEX charges	16	(151,284)	(158,930)
Depreciation	6	(107,848)	(98,361)
Board of Directors' remuneration	17	(33,800)	(34,850)
		(3,805,651)	(3,523,776)
Net surplus for the year	18	6,328,156	6,953,139

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
for the year ended 31 December 2010
(Expressed in Bahrain Dinars)

	Notes	Accumulated surplus
At 31 December 2008		4,967,264
Net surplus for the year		6,953,139
Funds transferred to the Ministry of Finance	18	(4,967,264)
At 31 December 2009		6,953,139
Net surplus for the year		6,328,156
Funds transferred to the Ministry of Finance	18	(6,607,738)
At 31 December 2010		6,673,557

STATEMENT OF CASH FLOWS
for the year ended 31 December 2010
(Expressed in Bahrain Dinars)

	Notes	2010	2009
Operating activities			
Net surplus for the year		6,328,156	6,953,139
Adjustments for:			
Depreciation	6	107,848	98,361
Bank interest income		(84,514)	(107,901)
Changes in operating assets and liabilities:			
Trade and other receivables		(592,495)	(226,644)
Accruals and other payables		(157,815)	386,668
Deferred income		(71,324)	133,268
Net cash provided by operating activities		5,529,856	7,236,891
Investing activities			
Purchase of plant and equipment	6	(217,816)	(215,082)
Bank interest income received		84,514	107,901
Net cash used in investing activities		(133,302)	(107,181)
Financing activities			
Funds transferred to the Ministry of Finance	18	(6,607,738)	(4,967,264)
Net cash used in financing activities		(6,607,738)	(4,967,264)
Net (decrease)/increase in cash and cash equivalents		(1,211,184)	2,162,446
Cash and cash equivalents, beginning of the year		5,590,867	3,428,421
Cash and cash equivalents, end of the year	8	4,379,683	5,590,867

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

1 Organisation and activities

The General Organisation of Sea Ports (the "Organisation") was established pursuant to Legislative Decree Number 61 of 2006. The Organisation started its operations in December 2006.

The principal activities of the Organisation are the following:

- build, maintain, repair and use the ports and navigational routes;
- provide, coordinate and integrate marine services within the ports limits and territorial waters;
- provide and manage cargo distribution logistic zones;
- support and develop ports and facilitate trade therein;
- provide and develop adequate number of public handling sites; and
- register ships with gross tonnage in excess of 150 tonnes and issue legal certificates.

The Organisation operates in the Kingdom of Bahrain.

2 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and the requirements of the Legislative Decree Number 61 of 2006.

Basis of presentation

The financial statements have been prepared under the historical cost convention. The financial statements have been presented in Bahrain Dinars which is the functional currency of the Organisation.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Organisation's accounting policies.

Improvements/amendments to IFRS in 2010

Improvements/amendments to IFRS issued in 2010 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Organisation's 2011 annual audited financial statements with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments.

Standards, amendments and interpretations effective in 2010 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 July 2009/1 January 2010, but are not relevant to the Organisation's operations:

NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 31 December 2010

2 Basis of preparation (continued)
Standards, amendments and interpretations effective in 2010 but not relevant (continued)

Standard or interpretation	Title	Effective for annual period beginning on or after
IFRS 1	First Time Adoption of International Financial Reporting Standards	1 July 2009/1 January 2010
IFRS 2	Share Based Payments	1 July 2009/1 January 2010
IFRS 3	Business Combinations	1 July 2009
IFRS 5	Non-Current Assets Held for Sale and Discontinued Operations	1 July 2009/1 January 2010
IFRS 8	Operating Segments	1 January 2010
IAS 1	Presentation of Financial Statements	1 January 2010
IAS 7	Statement of Cash Flows	1 January 2010
IAS 17	Leases	1 January 2010
IAS 28	Investments in Associates	1 July 2009
IAS 31	Interests in Joint Ventures	1 July 2009
IAS 36	Impairment of Assets	1 January 2010
IAS 38	Intangible Assets	1 July 2009
IAS 39	Financial Instruments – Recognition and Measurement	30 June 2009/1 July 2009/ 1 January 2010
IFRIC 9	Reassessment of Embedded Derivatives	1 July 2009
IFRIC 16	Hedges of Net Investment in a Foreign Operation	1 July 2009
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009

Standards, amendments and interpretations issued but not yet effective in 2010

The following IFRS and IFRIC interpretations issued/revised as at 1 January 2010 or subsequent periods have not been adopted early by the Organisation's management:

Standard or Interpretation	Title	Effective for annual period beginning on or after
IFRS 1	First Time Adoption of International Financial Reporting Standards	1 July 2010/1 January 2011/ 1 July 2011
IFRS 3	Business Combinations	1 July 2010
IFRS 7	Financial Instruments – Disclosures	1 January 2011/1 July 2011
IFRS 9	Financial Instruments – Classification and Measurement	1 January 2013
IAS 1	Presentation of Financial Statements	1 January 2011
IAS 12	Income Taxes	1 January 2012
IAS 24	Related Party Disclosures	1 January 2011
IAS 27	Consolidated and Separate Financial Statements	1 July 2010
IAS 32	Financial Instruments – Presentation	1 February 2010
IAS 34	Interim Financial Reporting	1 January 2011
IFRIC 13	Customer Loyalty Programmes	1 January 2011
IFRIC 14	The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction	1 January 2011

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

2 Basis of preparation (continued)

Standards, amendments and interpretations issued but not yet effective in 2010 (continued)

Standard or Interpretation	Title	Effective for annual period beginning on or after
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

There would have been no change in the operational results of the Company for the year ended 31 December 2010 had the Company early adopted any of the above standards applicable to the Company.

3 Significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use.

Depreciation is calculated on the straight-line method to write-off the cost of plant and equipment to their estimated residual values over their expected useful lives as follows:

Furniture and fixtures	5 years
Computers and other assets	3 years
Heavy vehicles	10 years
Software and licenses	5 years

Gains and losses on disposal of plant and equipment are determined by reference to their carrying amounts, with the gains and losses being charged to the statement of comprehensive income.

Repairs and renewals are charged to the statement of comprehensive income when the expenditure is incurred. The costs of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Organisation. Major renovations are depreciated over the remaining useful lives of the related assets.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written-down immediately to its recoverable amount.

Capital work-in-progress

Expenditure incurred on the construction of new facilities prior to the commencement of their commercial use is capitalised. Capital work-in-progress is transferred to plant and equipment and depreciated at the time of commencement of their commercial use.

Trade receivables

Trade receivables are carried at their anticipated realisable values. An estimate is made for impaired trade receivables based on a review of all outstanding amounts at year-end. Debts which are not considered recoverable are written-off when they are identified.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010**3 Significant accounting policies (continued)*****Trade payables***

Trade payables are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Deferred income

Rent received in advance from the tenants is recognised as deferred income and amortised on a straight-line basis over the entire term of the lease agreement.

Provisions

Provisions are recognised when the Organisation has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation in future and the amount of the obligation can be reliably estimated.

Employees' terminal benefits

A provision is made for the estimated liability for annual leave and airfares as a result of services rendered by employees up to the statement of financial position date.

The Organisation contributes to the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain. This is a defined contribution pension plan and the contributions are charged to the statement of comprehensive income in the year to which they relate. In respect of this plan there is a legal obligation to pay the contributions as they fall due, and no obligation exists to pay the future benefits.

The expatriate employees of the Organisation are paid a leaving indemnity in accordance with the provisions of the Organisation's policies and procedures and the requirements of the Bahrain Labour Law. The Organisation accrues for its liability in this respect on an annual basis.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, current account balances with banks and short-term fixed deposits with original maturities of three months or less.

Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Revenue

Revenues from marine, royalty, handling charges, rents, and operations are recognised when earned.

Bank interest and other income are recognised on the accruals basis, unless collectability is in doubt.

Foreign currency transactions

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

4 Critical accounting judgments and key source of estimation uncertainty

Preparation of financial statements in accordance with IFRS requires the Organisation's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

The most significant areas requiring the use of management estimates and assumptions in these financial statements relate to:

- economic useful lives of plant and equipment;
- provisions; and
- contingencies.

Economic useful lives of plant and equipment

The Organisation's plant and equipment are depreciated on a straight-line basis over their economic useful lives. Useful economic lives of plant and equipment are reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Organisation.

Provisions

The Organisation creates a provision for impaired trade receivables to account for estimated losses resulting from the inability of customers to make the required payments. At 31 December 2010, in the opinion of the Organisation's management, no provision for impaired trade receivables is required (2009: BDNil). When evaluating the adequacy of an allowance for impaired trade receivables, management bases its estimate on current overall economic conditions, ageing of the trade receivable balances, historical write-off experience, customer creditworthiness and changes in payment terms. Changes in the economy, industry or specific customer conditions may require adjustments to the allowance for impaired trade receivables recorded in the financial statements.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

5 Segmental information

Business segments – primary reporting segment

The Organisation's primary segment reporting format is business segments. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

NOTES TO THE FINANCIAL STATEMENTS
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5 Segmental information (continued)

The Organisation's primary business segments are:

- Royalty – This business segment generates income by way of a “Concession Agreement” entered into with the Port Operating Company for the operation and management of the Mina Salman Port (1 January 2009 to 31 March 2009) and Khalifa Bin Salman Port (from 1 April 2009 for a period of 25 years). This contributes 36% to the total revenue of the Organisation (2009: 33%).
- Port operating activities - This business segment includes income from harbour and channel fees, handling charges, tanker revenues and marine fees. This contributes 43% to the total revenue of the Organisation (2009: 47%).
- Rental activities - This business segment generates revenue from rental activities by way of lease of the port areas to third parties and contributes 21% to the total revenue of the Organisation (2009: 20%).

As at, and for the year ended, 31 December 2010

	Royalties	Port operating activities	Rental activities	Total
Revenues from business	3,682,970	4,288,167	2,077,024	10,048,161
Investment income	-	84,514	-	84,514
Other income	-	1,132	-	1,132
Total revenues	3,682,970	4,373,813	2,077,024	10,133,807
Depreciation	-	107,848	-	107,848
Segment surplus	2,299,867	2,731,271	1,297,018	6,328,156
Reportable segment assets	944,253	5,608,271	852,090	7,404,614
Reportable segment liabilities	-	552,557	178,500	731,057

As at, and for the year ended, 31 December 2009

	Royalties	Port operating activities	Rental activities	Total
Revenues from business	3,418,859	4,823,784	2,092,813	10,335,456
Investment income	-	107,901	-	107,901
Other income	-	33,558	-	33,558
Total revenues	3,418,859	4,965,243	2,092,813	10,476,915
Depreciation	-	98,361	-	98,361
Segment surplus	2,268,970	3,295,247	1,388,922	6,953,139
Reportable segment assets	877,286	6,873,637	162,412	7,913,335
Reportable segment liabilities	-	710,372	249,824	960,196

NOTES TO THE FINANCIAL STATEMENTS
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5 Segmental information (continued)

Geographical segments – secondary reporting segment

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

The Organisation's operations are restricted to the Kingdom of Bahrain; therefore no geographical segmental information has been presented.

6 Plant and equipment

	Furniture and fixtures	Computers and other assets	Heavy vehicles	Software and licences	Capital work-in- progress	Total
Cost						
At 31 December 2008	139,563	99,955	8,200	37,614	-	285,332
Additions	9,878	47,071	140,000	18,133	-	215,082
At 31 December 2009	149,441	147,026	148,200	55,747	-	500,414
Additions	18,347	13,456	-	13,753	172,260	217,816
At 31 December 2010	167,788	160,482	148,200	69,500	172,260	718,230
Accumulated depreciation						
At 31 December 2008	36,577	19,665	410	-	-	56,652
Charge for the year	35,889	44,322	7,237	10,913	-	98,361
At 31 December 2009	72,466	63,987	7,647	10,913	-	155,013
Charge for the year	33,172	42,855	14,857	16,964	-	107,848
At 31 December 2010	105,638	106,842	22,504	27,877	-	262,861
Net book amount						
At 31 December 2010	62,150	53,640	125,696	41,623	172,260	455,369
At 31 December 2009	76,975	83,039	140,553	44,834	-	345,401

Capital work-in-progress primarily represented the costs incurred for the purchasing and installation of CCTV equipments in Khalifa Bin Salman Port. As of 31 December 2010, the installation process has not been completed and accordingly the equipment has not been yet used.

NOTES TO THE FINANCIAL STATEMENTS
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7 Trade and other receivables

	31 December 2010	31 December 2009
Trade receivables	2,388,606	1,836,513
Amount due from related parties (Note 19)	49,972	33,609
Other receivables	130,984	106,945
	2,569,562	1,977,067

Trade receivables are generally on 30 to 60 days credit terms.

Amounts due from related parties are unsecured, non-interest bearing and do not have any fixed repayment terms.

At 31 December 2010, the ageing of unimpaired trade receivables is as follows:

Outstanding between	31 December 2010	31 December 2009
Not past due	1,648,502	952,234
0 – 90 days	398,245	471,462
91 – 180 days	274,350	190,213
Above 180 days	67,509	222,604
	2,388,606	1,836,513

All unimpaired trade receivables are, on the basis of past experience, expected to be fully recoverable. It is not the practice of the Organisation to obtain collateral over the trade receivables and the vast majority is, therefore, unsecured.

The Organisation's trade receivables are primarily denominated in Bahrain Dinars.

8 Cash and cash equivalents

	31 December 2010	31 December 2009
Short-term fixed deposits	4,212,046	3,557,721
Current account balances with banks	167,037	2,032,546
Cash on hand	600	600
	4,379,683	5,590,867

The current account balances with banks are non-interest bearing.

Short-term fixed deposits have maturities of less than 90 days from the date of inception and earn interest rates ranging between 2% and 2.2% per annum (2009: between 2.25% and 3% per annum).

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9 Employees' benefits

Local employees

The contributions made by the Organisation towards the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain for the year ended 31 December 2010 amounted to BD206,500 (2009: BD178,671).

Number of staff

The number of staff employed by the Organisation at 31 December 2010 was 82 (2009: 78).

10 Accruals and other payables

	31 December 2010	31 December 2009
Staff related benefits	227,495	197,991
Consultancy fees payable	157,595	193,107
Other payables	152,629	274,099
Leaving indemnity payable	14,838	7,475
Provision for legal case	-	37,700
	552,557	710,372

11 Deferred income

Deferred income includes the rental charges received in advance from APM Terminals Bahrain BSC (C) ("the Port Operating Company") for Khalifa Bin Salman Port.

12 Royalty revenues

The Organisation entered into an agreement ("Concession Agreement") with the Port Operating Company for the operation and management of the Mina Salman Port, which expired on 31 March 2009 and for Khalifa Bin Salman Port effective 1 April 2009. According to the agreement, the Organisation receives from the Port Operating Company, a fixed 21% of the gross revenue from the port operations and 10% of gross revenue from marine services for Khalifa Bin Salman Port on a quarterly basis.

13 Operational revenues

	Year ended 31 December 2010	Year ended 31 December 2009
Handling charges	2,799,502	4,017,492
Harbour and channel fees	585,278	113,278
Garbage clearance charges	323,340	69,000
Other operational revenue	82,820	83,608
	3,790,940	4,283,378

14 Concession fee

In accordance with the Concession Agreement entered into with the Port Operating Company for Khalifa Bin Salman Port, the Organisation has received a one-off payment amounting to BD923,650 representing concession fee received on the date of commencement of commercial operation of the port.

NOTES TO THE FINANCIAL STATEMENTS
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15 General and administrative expenses

	Year ended 31 December 2010	Year ended 31 December 2009
Repairs and maintenance	378,647	134,291
Publicity, marketing and advertisement	286,462	201,858
Communication, services and utilities	271,517	190,562
Conferences and exhibitions	176,355	99,591
Subscription, books and references	64,641	50,913
Opening ceremony expenses of Khalifa Bin Salman Port	-	312,227
Others	39,497	76,428
	1,217,119	1,065,870

16 NAVTEX charges

NAVTEX charges are payable to Bahrain Telecommunication Company BSC (Batelco) for transmission of international navigation messages to the port authorities and sea users in the Kingdom of Bahrain.

17 Board of Directors' remuneration

An amount of BD33,800 has been accrued and expensed as Board of Directors' remuneration, relating to the year ended 31 December 2010 (2009: BD34,450). The remuneration policy was approved by the Board of Directors in its meeting held on 30 December 2007.

18 Net surplus for the year

In accordance with Article 11 of Legislative Decree 61 of 2006, the Organisation is to transfer the cash surplus to the state budget. The calculation of cash surplus is as follows:

	31 December 2010	31 December 2009
Net surplus for the year	6,328,156	6,953,139
Excess amount transferred during the previous years	-	(228,680)
Purchase of plant and equipment (Note 6)	(217,816)	(215,082)
Depreciation (Note 6)	107,848	98,361
Amount to be transferred to the state budget	6,218,188	6,607,738

In accordance with this Legislative Decree, an amount of BD6,607,738 has been transferred to the Ministry of Finance for the year ended 31 December 2009 (2009: BD4,967,264 for the year ended 31 December 2008).

19 Transactions and balances with related parties

Related parties consist of the Ministry of Finance and various other Ministries, Directors of the Organisation and businesses under their control. The Organisation's transactions with related parties are authorised by the management.

Operating transactions, with customers or suppliers who are controlled or significantly influenced by the Directors of the Organisation, are conducted on an arm's length basis or on normal commercial terms. Further, there are no loans due from any of the Directors of the Organisation.

NOTES TO THE FINANCIAL STATEMENTS
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19 Transactions and balances with related parties (continued)

A summary of the related parties balances is as follows:

	31 December 2010	31 December 2009
Amounts due from related parties (Note 7):		
Ministry of Interior	25,000	25,000
Public Commission for Protection of Marine Resources, Environment and Wildlife	22,363	6,000
Customs Affairs	2,609	2,609
	49,972	33,609

20 Financial assets and liabilities and risk management

Financial assets and liabilities carried on the statement of financial position include cash and cash equivalents, trade and other receivables, deferred income and accruals and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Risk management is carried out by the Finance Department of the Organisation under policies approved by the Board of Directors. The Organisation's Finance Department evaluates and hedges financial risks in close co-operation with the Organisation's operating units. The Directors' provide principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Capital management The primary objective of the Organisation's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise owners' value.

The Organisation manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 December 2010 and 2009.

The Organisation monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Organisation includes within net debt, accruals and other payables and deferred income less cash and cash equivalents. Capital comprises of accumulated surplus.

	31 December 2010	31 December 2009
Accruals and other payables	552,557	710,372
Deferred income	178,500	249,824
Less: cash and cash equivalents	(4,379,683)	(5,590,867)
Net debt	(3,648,626)	(4,630,671)
Accumulated surplus	6,673,557	6,953,139
Total capital	6,673,557	6,953,139
Total capital and net debt	3,024,931	2,322,468
Gearing ratio	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010**20 Financial assets and liabilities and risk management (continued)****Capital management (continued)**

The Organisation does not have any net debt as at 31 December 2010 and 2009. Accordingly, gearing ratio has not been calculated.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Organisation's fixed deposits earn fixed rates of interest, the renegotiation for which only occurs when the fixed deposits are renewed on maturity. In the opinion of the Organisation's management, the other assets and liabilities are not sensitive to interest rate risk.

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Cash is placed with a multi-national bank with a good credit rating. Concentrations of credit risk with respect to trade receivables are limited due to the Organisation's large number of customers that have a variety of end markets in which they sell. Management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Organisation's trade receivables.

Currency rate risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Organisation's foreign currency transactions are predominantly in United States Dollars which is effectively pegged to the Bahrain Dinar. Accordingly, management assesses the Organisation's exposure to currency rate risk as minimal.

Liquidity risk, also referred to as funding risk, is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity risk is managed by monitoring on a regular basis to help ensure that sufficient funds are available to meet all liabilities as they fall due.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The fair values of the Organisation's financial assets and liabilities are not materially different from their carrying amounts.

21 Subsequent events

There were no significant events subsequent to 31 December 2010 and occurring before the date of the report that are expected to have a significant impact on these financial statements.

22 Comparative figures

Certain comparative figures of the previous year have been reclassified, wherever necessary, to conform with the current year presentation. Such regrouping does not affect accumulated funds or net surplus for the previous year.

