

Financial statements and independent auditors' report  
**Banader Hotels Company B.S.C.**  
For the year ended 31 December 2014

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## General information

Commercial registration	:	59045 obtained on 20 December 2005
Directors	:	Mr. Abdulla Hasan Buhindi -Chairman Mr. Jehad Yusuf Amin -Vice-Chairman Mr. Khaled Ali Al-Ameen -Director Mr. Mohammed Farooq Al-Moayyed -Director Mr. Ammar Aqeel Al-Hassan -Director Mr. Suhail Mohammed Hajee -Director Mr. Sulaiman Ahmed Al-Houqani -Director Mr. Nael Jamil Hashweh -Director Mr. Yusuf Abdulrahman Fakhro -Director
Audit Committee	:	Mr. Mohammed Farooq Al-Moayyed -Chairman Mr. Khaled Ali Al-Ameen -Vice-Chairman Mr. Ammar Aqeel Al-Hassan -Member Mr. Yusuf Abdulrahman Fakhro -Member
General Managers	:	Mr. Abdulrahman Almokla (up to 4 February 2014) Mr. Ebrahim M. A. Bucheery (appointed with effect from 5 February 2014)
Registered office	:	Flat 52, Building 104 Road 383, Block 316 Manama Centre, Government Avenue P.O. Box 2474 Manama, Kingdom of Bahrain
Bankers	:	Kuwait Finance House Bank of Bahrain and Kuwait
Reviewers	:	Grant Thornton – Abdulaal P.O. Box 11175 12th Floor, Al Nakheel Tower Seef District, Kingdom of Bahrain
Registrar	:	Fakhro Karvy Computershare W.L.L. P.O. Box 514 Manama, Kingdom of Bahrain

## Directors' report

### To the Shareholders of Banader Hotels Company B.S.C.

It is my pleasure to present to you the Ninth annual report on Banader Hotels Company B.S.C. (the "Company") activities during the year ended 31 December 2014. This report also includes the audited financial statements of the Company for the year ended 31 December 2014.

During 2014, the Board of Directors continued its follow-up and close monitoring of the continued construction activities of the proposed Banader-Rotana Five-Star hotel (the "Hotel") which is being built in Central Manama on a land property with an area of 4,286 square meters, owned by the Company, and located next to Batelco Commercial Centre near Bab Al Bahrain.

The Company concluded, in April 2014, the issue of 61,155 convertible, non-redeemable, non-cumulative, non-participating Preference Shares of BD100 amounting to BD5,515,500, net of underwriter fee of BD600,000. The fund from the issue has, in addition to the long-term loan of BD18 million signed with the Kuwait Finance House in June 2013, significantly contributed to the continuation of the construction of the Hotel.

Based on the success in arranging the funds for the construction of the Hotel, and its subsequent recommencement, the Board of Directors took a decision, on 28 April 2014, to take necessary steps towards the resumption of trading in Company shares. The resumption became effective from 10 June 2014.

The Company's expenditures during 2014 were mainly incurred for the construction project work after the recommencement of the construction of the Hotel on 24 August 2013 and in addition to the usual amounts of administrative expenses.

The Board of Directors continued to closely monitor the construction of the Hotel. The following were the major activities during 2014, as well as the latest status of the construction of the Hotel:

1. The Company continued to manage the funds and pay for all the work done on the construction of the Hotel. The value of work done during 2014 was about BD10 million. Payments were made to parties executing the projects, being, primarily, the main contractor (GPZ), other contractors and consultants. Our in-house project management team has continued monitoring and following up closely the progress of the construction of the Hotel, in support of the Board of Directors and the Company's aim which is to finish the project in time, as planned, and with minimum claims and variations.
2. By the end of December 2014, the following works were completed: 100% of the structural concreting, the slab concreting to the 28th floor, 100% of the block work, 80% of electro-mechanical work, and 50% of external cladding. Major works in 2014 were the continuation of the electrical and mechanical works, elevators' works, Aluminum works, glass works and Kitchen and Laundry works. Also the Interior Fit-out works continued in the rooms and the work has started in the Public areas during 2014. Audio Visual works, IT works and Boilers works also continued during 2014. Overall work completed up to 31 December 2014 was 70%.



3. As the result of the recommencement by the main contractor in August 2013 and his sub-contractors the construction of the Hotel estimated completion date was shifted from the original estimated date to July 2015, provided that works on the Project continues normally by all parties.
4. During 2014 the Company awarded works on the construction of the Hotel, and based on proper tender processing practice, for the Interior Furniture (I'F&E), the IT Works, the supply of Mini Fridges and Room Safes, and the supply of the TVs.

In anticipation of the construction of the Hotel completion and Hotel opening in August 2015, the Company has already started with Rotana (the Hotel manager) to work on all the Pre-opening activities, including recruitment, staff training, procurement of supplies and other necessary activities. The Board of Directors is closely monitoring these activities to ensure that they are completed in time and in parallel with the progress of the Hotel construction work.

The Board of Directors wishes to assure the Shareholders that it will continue to strive to achieve the Company's goals and objectives, and to fulfill their aspirations by finishing the hotel, which will become a landmark in the Commercial Centre of Manama.

Finally, the Board wishes to extend its thanks and gratitude to all authorities in general, and to the Central Bank of Bahrain, the Ministry of Industry & Commerce and the Bahrain Bourse in particular. The Board also wishes to thank all the parties who have been contributing towards the achievement of the Company's goals and objectives, including the Kuwait Finance House (financing), BMMI (support), the main contractor G.P. Zachariades, the project lead consultants Mohamed Salahuddin Contracting & Engineering Bureau, the hotel operator Rotana Hotel Management Corporation, all the other contractors and consultants, the in-house Project team and other Company employees, all for their support and efforts made during 2014.

The Board also wishes to express its gratitude and appreciation to the Company's Shareholders for their support, patience and understanding, and to assure them that it will continue exerting its best efforts to meet their expectations.



**Abdulla Hassan Buhindi**  
Chairman

2 February 2015  
Manama, Kingdom of Bahrain

## Independent auditors' report

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To the Shareholders of  
**Banader Hotels Company B.S.C.**

### Report on the Financial Statements

We have audited the accompanying financial statements of **Banader Hotels Company B.S.C.** (the "**Company**") which comprise the statement of financial position as at 31 December 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' Responsibility for the Financial Statements*

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standard on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 Company as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### *Other Matter*

The financial statements of the Company for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on those statements on 5 February 2014.

**Report on Other Legal and Regulatory Requirements**

Further, in accordance with the requirements of the Bahrain Commercial Companies Law, we report that we have obtained all the information that we considered necessary for the purpose of our audit, the financial information contained in the report of the Directors is consistent with the financial statements, the Company has maintained proper books of accounts, and nothing has come to our attention which causes us to believe that the Company has neither breached any of the applicable provisions of the Bahrain Commercial Companies Law or its Memorandum and Articles of Associations nor of the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse which would materially affect its activities or its financial position.

*Grant Thornton*

2 February 2015  
Manama, Kingdom of Bahrain



## Statement of financial position

	Notes	31 December 2014 BD	31 December 2013 BD
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	3,049,588	3,050,393
Capital work in progress	4	27,696,146	17,803,075
		<b>30,745,734</b>	<b>20,853,468</b>
<b>Current assets</b>			
Other receivables	5	1,720,844	3,738,071
Cash and cash equivalents	6	829,291	1,305,376
		<b>2,550,135</b>	<b>5,043,447</b>
<b>Total assets</b>		<b>33,295,869</b>	<b>25,896,915</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	11	15,000,000	15,000,000
Preference shares	11	5,515,500	-
Preference shares subscription	11	-	6,115,300
Statutory reserve	12	65,681	65,681
Retained earnings		1,371	111,289
		<b>20,582,552</b>	<b>21,292,270</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Murabaha financing	9	8,532,711	2,881,228
Retention payables		1,014,831	1,139,381
Employees' terminal benefits	10	4,098	1,457
		<b>9,551,640</b>	<b>4,022,066</b>
<b>Current liabilities</b>			
Trade and other payables	7	1,613,929	582,579
Amount due to related party	8	600,000	-
Current portion of retention payables		947,748	-
		<b>3,161,677</b>	<b>582,579</b>
<b>Total liabilities</b>		<b>12,713,317</b>	<b>4,604,645</b>
<b>Total equity and liabilities</b>		<b>33,295,869</b>	<b>25,896,915</b>

These financial statements were approved by the Board of Directors on 2 February 2015 and signed on its behalf by:



Abdulla Hasan Buhindi  
Chairman



Jehad Yusuf Amin  
Vice Chairman

The accounting policies and the notes from pages 10 to 25 form an integral part of these financial statements.




## Statement of comprehensive income

	<u>Notes</u>	<u>Year ended 31 December 2014 BD</u>	<u>Year ended 31 December 2013 BD</u>
<b>Income</b>			
Other income	13	-	3,582
<b>Expenses</b>			
Staff costs		(40,647)	(35,675)
General and administrative expenses	14	(68,379)	(145,548)
Depreciation	3	(531)	(558)
Finance costs		(361)	(209)
		<u>(109,918)</u>	<u>(181,990)</u>
<b>Loss for the year transferred to retained earnings</b>		<u>(109,918)</u>	<u>(178,408)</u>
<b>Basic and diluted loss per share</b>	15	<u>(0.0007)</u>	<u>(0.0012)</u>

These financial statements were approved by the Board of Directors on 2 February 2015 and signed on its behalf by:

  
 Abdulla Hasan Buhindi  
 Chairman

  
 Jehad Yusuf Amin  
 Vice Chairman

The accounting policies and the notes from pages 10 to 25 form an integral part of these financial statements.

## Statement of changes in equity

	Share capital	Preference shares	Preference shares subscription	Statutory reserve	Retained earnings	Total
	BD	BD	BD	BD	BD	BD
At 1 January 2013	15,000,000	-	1,907,300	65,681	289,697	17,262,678
Net preference share subscription money received from the shareholders	-	-	4,208,000	-	-	4,208,000
Transaction with owners	15,000,000	-	6,115,300	65,681	289,697	21,470,678
Loss for the year	-	-	-	-	(178,408)	(178,408)
<b>At 31 December 2013</b>	<b>15,000,000</b>	<b>-</b>	<b>6,115,300</b>	<b>65,681</b>	<b>111,289</b>	<b>21,292,270</b>
At 1 January 2014	15,000,000	-	6,115,300	65,681	111,289	21,292,270
Net preference share subscription money received from the shareholders	-	-	200	-	-	200
Transfer to preference shares	-	6,115,500	(6,115,500)	-	-	-
Transaction costs	-	(600,000)	-	-	-	(600,000)
Transaction with owners	15,000,000	5,515,500	-	65,681	111,289	20,692,470
Loss for the year	-	-	-	-	(109,918)	(109,918)
<b>At 31 December 2014</b>	<b>15,000,000</b>	<b>5,515,500</b>	<b>-</b>	<b>65,681</b>	<b>1,371</b>	<b>20,582,552</b>

The accounting policies and the notes from pages 10 to 25 form an integral part of these financial statements.

## Statement of cash flows

	Year ended 31 December 2014 BD	Year ended 31 December 2013 BD
<b>Operating activities</b>		
Loss for the year	(109,918)	(178,408)
Adjustments for:		
Depreciation	531	558
Loss on disposal of property, plant and equipment	210	-
Provision for employees' terminal benefits, net	2,641	1,457
Interest income	-	(3,582)
Finance costs	361	209
Operating loss before working capital changes	(106,175)	(179,766)
Changes in operating assets and liabilities:		
Change in other receivables	2,017,227	(1,461,467)
Change in trade and other payables	1,031,350	(2,888,701)
Change in retention payables	823,198	96,321
Net cash generated from/(used in) operating activities	<b>3,765,600</b>	<b>(4,433,613)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(369)	(1,869)
Proceeds from disposal of property, plant and equipment	433	-
Additions to capital work in progress	(9,893,071)	(2,093,180)
Interest received	-	3,582
Net cash used in investing activities	<b>(9,893,007)</b>	<b>(2,091,467)</b>
<b>Financing activities</b>		
Proceeds from murabaha financing	5,651,483	2,881,228
Preference share subscription money received	200	4,208,000
Finance costs paid	(361)	(209)
Net cash generated from financing activities	<b>5,651,322</b>	<b>7,089,019</b>
<b>Net change in cash and cash equivalents</b>	<b>(476,085)</b>	<b>563,939</b>
Cash and cash equivalents, beginning of the year	1,305,376	741,437
<b>Cash and cash equivalents, end of the year</b>	<b>829,291</b>	<b>1,305,376</b>
Comprises:		
Cash in hand	146	3
Bank balances	829,145	1,305,373
	<b>829,291</b>	<b>1,305,376</b>

### Non-cash transactions:

Amount due to related party and transaction costs amounting to BD600,000 each has been excluded from the movement of amount due to related party and financing activities respectively.

The accounting policies and the notes from pages 10 to 25 form an integral part of these financial statements.

# Notes to the financial statements

31 December 2014

## 1. Organisation and activities

Banader Hotels Company B.S.C. (the “Company”) is a public shareholding company registered in the Kingdom of Bahrain with the Ministry of Industry and Commerce under commercial registration number 59045 obtained on 20 December 2005.

The principal activities of the Company are building and investing in hotels.

The Company’s registered office is situated in the Kingdom of Bahrain.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The Company’s financial statements have been prepared on the basis of historical cost convention. The Company’s financial statements are presented in Bahrain Dinars. All values are rounded to the nearest Bahrain Dinar.

### 2.2 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in conformity with the Bahrain Commercial Companies Law, applicable requirements of the Central Bank of Bahrain Rule Book and associated resolutions, rules and procedures of the Bahrain Bourse.

### 2.3 New and revised standards that are effective for annual periods beginning on or after 1 January 2014

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2014. Information on these new standards is presented below:

IAS 32, “Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)” (effective for annual periods beginning on or after 1 January 2014); and

IAS 36, “Recoverable amount disclosures for non-financial assets (Amendments to IAS 36)” (effective for annual periods beginning on or after 1 January 2014).

Management does not expect the above standards to have a material effect on the Company’s financial position and results of its operations.

### 2.4 Standards, amendments and interpretations effective and not relevant to the Company

Certain other new standards and interpretations have been issued but are not relevant to the Company and have no material effect on the Company’s financial position and its results of operation.

*Notes to the financial statements for the year ended 31 December 2014*

- IFRS 10, IFRS 12 and IAS 27, “Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)” (effective for annual periods beginning on or after 1 January 2014);
- IAS 39, “Novation of derivatives and continuation of hedge accounting (Amendments to IAS 39)” (effective for annual periods beginning on or after 1 January 2014); and
- IFRIC 21, “Levies” (effective for annual periods beginning on or after 1 January 2014).

**2.5 Standards and amendments not yet effective**

Certain other new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company.

- IFRS 9, “Financial Instruments” (effective for annual periods beginning on or after 1 January 2018);
- IFRS 10 and IAS 28, “Sale of Contribution of Assets between an Investor and its Associate or Joint Venture (Proposed amendments to IFRS 10 and IAS 28)” (effective for annual periods beginning on or after 1 January 2016);
- IFRS 11, “Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)” (effective from annual periods beginning on or after 1 January 2016);
- IFRS 14, “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016);
- IFRS 15, “Revenue from Contracts with Customers” (effective from annual periods beginning on or after 1 January 2017);
- IAS 16 and IAS 38, “Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)” (effective from annual periods beginning on or after 1 January 2016);
- IAS 16 and IAS 41, “Agriculture: Bearer Plants (Proposed amendments to IAS 16 and IAS 41)” (effective from annual periods beginning on or after 1 January 2016);
- IAS 19, “Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)” (effective from annual periods beginning on or after 1 July 2014);
- IAS 27, “Equity Method in Separate Financial Statements (Proposed amendments to IAS 27)” (effective from annual periods beginning on or after 1 January 2016);
- Annual improvements 2010-2012 and 2011-2013 cycles (effective from annual periods beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

IFRS 1 – First-time Adoption of International Financial Reporting Standards; IFRS 2 – Share-based Payment; IFRS 3 – Business Combinations; IFRS 8 – Operating Segments; IFRS 13 – Fair Value Measurement; IAS 16 'Property, Plant and Equipment'; IAS 38 – Intangible Assets; IAS 24 – Related Party Disclosures; IAS 38 – Intangible Assets and IAS 40 – Investment Property; and

*Notes to the financial statements for the year ended 31 December 2014*

- Annual improvements 2012-2014 cycle (effective from annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

IFRS 4 – Non-current Assets Held for Sale and Discontinued Operations; IFRS 7 – Financial Instruments: Disclosures; IAS 19 – Employee Benefits and IAS 34 – Interim Financial Reporting.

Management does not expect the above standards to have a material effect on the Company's financial position and results of its operations.

## 2.6 Property, plant and equipment

Items of property, plant and equipment are measured at cost, except land, less accumulated depreciation and any accumulated impairment losses. Land held for use is stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

The cost of the property, plant and equipment includes the cost of bringing them to their present location and condition. The cost of replacing part of an item of property, plant and equipment is recognised in carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. All other costs are recognised in the statement of comprehensive income as expenditure incurred.

Depreciation is recognised on the basis of written down value method to write down the cost less estimated residual value of property, plant and equipment other than freehold land. The major classes of depreciable assets and the rate of depreciation are as follows:

Office equipment	20%
Motor vehicles	20%

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of comprehensive income within 'other income' or 'other expenses'.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Capital work in progress represents expenditure incurred for construction and development of capital asset, which is capitalized and depreciated when completed and put to commercial use.

## 2.7 Impairment of assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised when the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is higher of an asset's fair value less cost to sell and value in use. All impairment losses are recognised in the statement of comprehensive income. Impairment losses are reversed only if there is an indication that the impairment loss no longer exist and there has been a change in the estimates used to determine the recoverable amount.

## **2.8 Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand and bank balances.

## **2.9 Provisions**

Provisions are recognised by considering an obligation of the Company as on date resulting from past events, and where it is probable that such obligation will result in outflow of economic resources and amount can be reliably estimated.

## **2.10 Employees' terminal benefits**

Employees' terminal benefits and entitlements to annual leave, holiday, air passage and other short term benefits are recognized as they accrue to the employees. The Company contributes to the pension scheme for Bahraini nationals administered by the General Organisation for Social Insurance in the Kingdom of Bahrain. The Company's share of contribution to this funded scheme which is defined contribution scheme under IAS-19, is recognised as an expense in the statement of comprehensive income.

The expatriate employees of the Company are paid leaving indemnity in accordance with the provisions of the Bahrain Labour Law for private sector 2012, based on length of service and final salary. Provision for this, which is unfunded and which represent a defined benefit plan under IAS-19 -Employee benefits has been made by calculating the notional liability had all employees left at the reporting date. The provision is classified as a non-current liability in the statement of financial position.

## **2.11 Other income**

Other income is recognised on an accruals basis or when the Company's right to receive payment is established.

## **2.12 Borrowing costs**

Borrowing costs primarily comprise interest on the Company's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported within 'finance costs'.

## **2.13 Financial instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instruments.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs.

Financial assets and liabilities are measured subsequently as described below:

**a. Financial assets**

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

**Loans and receivables.** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, and other receivables fall into this category of financial instruments.

**b. Financial liabilities**

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in the statement of comprehensive income. The Company's financial liabilities include trade and other payables, amount due to related party, murabaha financing and retention payables.

**2.14 Contingencies**

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources embodying economic benefits is improbable or remote. Possible inflows of economic benefits to the Company that do not meet the recognition criteria of an asset are not considered contingent assets.

**2.15 Significant accounting judgments and estimates**

The Company's financial statements prepared under IFRS require the Company to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Future events may occur which may cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the Company's financial statements as they become reasonably determinable.

**a. Judgments**

Judgment and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**b. Use of estimates**

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Useful lives of depreciable assets.** Management reviews the useful lives of depreciable assets at each reporting date. At 31 December 2014, management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are analysed in Note 3. Actual results, however, may vary due to technical obsolescence.



## 3. Property, plant and equipment

	Freehold land	Office equipment	Motor vehicles	2014 Total	2013 Total
	BD	BD	BD	BD	BD
<b>Cost</b>					
At 1 January	3,048,313	17,436	4,775	3,070,524	3,068,655
Additions	-	369	-	369	1,869
Disposals	-	(6,601)	-	(6,601)	-
At 31 December	<b>3,048,313</b>	<b>11,204</b>	<b>4,775</b>	<b>3,064,292</b>	<b>3,070,524</b>
<b>Accumulated depreciation</b>					
At 1 January	-	15,356	4,775	20,131	19,573
Charge for the year	-	531	-	531	558
Disposals	-	(5,958)	-	(5,958)	-
At 31 December	<b>-</b>	<b>9,929</b>	<b>4,775</b>	<b>14,704</b>	<b>20,131</b>
<b>Net book value</b>					
At 31 December 2014	<b>3,048,313</b>	<b>1,275</b>	<b>-</b>	<b>3,049,588</b>	<b>-</b>
At 31 December 2013	<b>3,048,313</b>	<b>2,080</b>	<b>-</b>	<b>-</b>	<b>3,050,393</b>

During 2014, the Company had obtained a professional valuation of the freehold land from three independent property valuers, the value of which ranged between BD4,844,123 and BD5,720,678 and on a conservative basis, the Company has taken the lowest valuation of BD4,844,123 as the basis for ensuring that no provision for impairment is considered necessary.

Freehold land is mortgaged against the Murabaha facility obtained by the Company (Note 9).

## 4. Capital work in progress

	2014 BD	2013 BD
At 1 January	17,803,075	15,709,895
Construction costs incurred during the year	9,632,884	1,643,727
Consultancy and architect fees	260,187	449,453
At 31 December	<b>27,696,146</b>	<b>17,803,075</b>

Capital work in progress represents expenditure incurred on construction, consultancy and architect fees for the development of the hotel at Bab-Al-Bahrain, Manama, Kingdom of Bahrain.

In the opinion of the Company's management, the carrying value of capital work in progress is not significantly different from its fair value.

- (i) This amount includes accumulated borrowing costs of BD374,202 (2013: BD26,977) directly attributable to the acquisition, construction or production of a qualifying asset. The borrowing costs capitalized during the year amounted to BD347,225 (2013: BD26,977).

## 5. Other receivables

	2014 BD	2013 BD
Advance paid to contractors	1,715,263	3,733,857
Deposits	2,304	2,304
Prepayments	2,306	976
Other receivables	971	934
	<u>1,720,844</u>	<u>3,738,071</u>

All amounts are short term. The net carrying value of other receivables is considered a reasonable approximate of fair value at the financial position date. The age of other receivables past due but not impaired are disclosed in Note 19e.

## 6. Cash and cash equivalents

	2014 BD	2013 BD
Cash in hand	146	3
Bank balances	829,145	1,305,373
	<u>829,291</u>	<u>1,305,376</u>

There are no restrictions on bank balances at the time of approval of the financial statements.

## 7. Trade and other payables

	2014 BD	2013 BD
Trade and other payables	1,592,801	563,947
Refundable subscription to share capital	15,944	15,944
Leave salary and air passage	5,184	2,688
	<u>1,613,929</u>	<u>582,579</u>

The carrying values of trade and other payables are considered to be reasonable approximate of fair value at the financial position date.

## 8. Amount due to related party

	2014 BD
BMMI B.S.C.	<u>600,000</u>

Amount due to related party is unsecured, bears no interest and has no fixed repayment terms.

## 9. Murabaha financing

	2014 BD	2013 BD
Kuwait Finance House	8,532,711	2,881,228
Less: Current portion	-	-
Non-current portion	<u>8,532,711</u>	<u>2,881,228</u>

This represents the Murabaha facility of BD18,000,000 obtained from Kuwait Finance House to finance the completion of construction work of the hotel and residential complex at Bab-Al-Bahrain, Manama, Kingdom of Bahrain. This facility bears profits at reducing balance rate of 6.75% per annum and this rate is subject to revision after 26 months from the first drawdown date and thereafter. The Company will have a grace period of 26 months with no requirements to service the profit during the first 18 months and quarterly repayment of profit thereafter. At the end of the grace period, the Company will have the option of either settlement of the principal and profit or rollover by the bank granting a new facility for a set interval at the bank's discretion for a maximum of 154 months including a 4 month grace period with service of profit. The loan is secured against the demand of promissory note duly signed by the authorised signatories, mortgage of land and building bearing title deed number 146959 (Note 3), assignment of performance bond in favour of the bank, post-dated security cheques, assignment of the Hotel project's proceeds to the account with the bank and letter of comfort from the main shareholder to support the project.

That entire portion of the Murabaha financing which is repayable within twelve months from the financial position date is classified as current liability in the statement of financial position.

## 10. Employees' terminal benefits

The movement in leaving indemnity liability applicable to expatriate employees is as follows:

	2014 BD	2013 BD
At 1 January	1,457	-
Amount provided for the year, net	<u>2,641</u>	<u>1,457</u>
At 31 December	<u>4,098</u>	<u>1,457</u>

The number of staff employed by the Company at 31 December 2014 was 6 (2013: 4).

## 11. Share capital

	2014 BD	2013 BD
<b>Authorized share capital:</b>		
<b>Ordinary shares</b>		
300,000,000 ordinary shares of 100 fils each (2013: 300,000,000 ordinary shares of 100 fils each)	30,000,000	30,000,000
<b>Irredeemable preference shares</b>		
64,500 preference shares of BD100 each (2013: 64,500 preference shares of BD100 each)	6,450,000	6,450,000
<b>Issued share capital:</b>		
<b>Ordinary shares</b>		
150,000,000 ordinary shares of 100 fils each (2013: 150,000,000 ordinary shares of 100 fils each)	15,000,000	15,000,000
<b>Irredeemable preference shares:</b>		
61,155 preference shares of BD100 each (2013: 61,153 preference shares of BD100 each)	6,115,500	-
Less: Underwriting fees	(600,000)	-
	5,515,500	
<b>Subscribed share capital:</b>		
<b>Irredeemable preference shares:</b>	-	6,115,300
61,153 preference shares of BD100 each		

Out of the total issued and paid up ordinary share capital, BD3,000,000 was in kind pertaining to contribution of land by one of the Company's shareholders BMMI B.S.C.

An extraordinary general meeting of the Shareholders held on 29 March 2012 resolved to issue non-participating, irredeemable, non-cumulative, convertible preference shares to the existing Shareholders and authorised the Board of Directors to process the related formalities.

Subsequently, on 7 May 2012, the Board of Directors passed a resolution to call for Shareholders' subscription towards the issue of 57,500 convertible, non-redeemable, non-cumulative, non-participating preference shares of BD100 each, at par, with a maturity period of two years from the date of the allotment with a possible extension for up to additional two years at the discretion of the Board.

The Shareholders of the Company approved to increase the total number of the irredeemable preference shares to 64,500 in their extra ordinary annual meeting held on 8 October 2013.

On 17 June 2013, the Company had signed an Islamic Murabaha agreement of BD18,000,000 with Kuwait Finance House to finance the completion of construction work of the hotel and residential complex at Bab-Al-Bahrain, Manama, Kingdom of Bahrain (Note 9). This facility is subject to the injection of the capital contribution of BD6,000,000 which will be utilised towards the project and during the year 2013, this covenant had been complied through the injection of additional capital made by one of the key shareholders in the form of preference shares subscription.

*Notes to the financial statements for the year ended 31 December 2014*

In the event of the default or delay in payment of two consecutive instalments, the bank has the right to cancel the facility and is entitled to sell the properties mortgaged in its favour at its sole discretion and to settle the dues of the Company. Also, in the event of the drop in the value of the properties offered as security, the Company should provide additional properties or other securities to maintain present security coverage.

On 13 March 2014, the Annual General Meeting approved the total Shareholders' subscription towards the issue of 61,155 convertible, non-redeemable, non-cumulative, non-participating preference shares of BD100 each, at par.

On 8 April 2014, the Capital Markets Supervision Directorate of the Central Bank of Bahrain issued a no objection letter for the increase in share capital through the issuance of 61,155 shares of BD100 each non-participating, irredeemable, non-cumulative, convertible preference shares. Accordingly, share certificates are issued to preference shareholders. Transaction costs pertaining to the underwriting fees to BMMI B.S.C. in the amount of BD600,000 was deducted from the preference shares. The change in memorandum of association is in process as of the report date.

**Additional information on ordinary shares shareholding pattern**

	Nationality	Number of shares	Percentage of shareholding interest
		BD	
BMMI B.S.C.	Bahraini	45,701,880	30.47%
Sulaiman Ahmed Saeed Al-Hoqani	Emirati	14,939,993	9.96%
Nasser Mohamed Al Nuwais	Emirati	11,250,000	7.50%
General public	Various	78,108,127	52.07%
		<b>150,000,000</b>	<b>100%</b>

The Shareholders of ordinary shares have equal voting rights.

The distribution pattern of ordinary shares, setting out the number of shareholders and percentages in the following categories is as follows:

	31 December 2014		
	Number of shareholders	Number of shares	Percentage of total outstanding shares
Less than 1%	3,244	56,301,491	37.53%
1% up to less than 5%	11	21,806,636	14.54%
5% up to less than 10%	2	26,189,993	17.46%
10% up to less than 50%	1	45,701,880	30.47%
	<b>3,258</b>	<b>150,000,000</b>	<b>100%</b>

*Notes to the financial statements for the year ended 31 December 2014*

	Number of shareholders	Number of shares	31 December 2013
			Percentage of total outstanding shares
Less than 1%	3,251	58,856,078	39.24%
1% up to less than 5%	10	19,352,049	12.90%
5% up to less than 10%	2	26,089,993	17.39%
10% up to less than 50%	1	45,701,880	30.47%
	<b>3,264</b>	<b>150,000,000</b>	<b>100%</b>

The percentage of shares held by the Directors to the total number of shares at 31 December 2014 was 11.71% (2013: 11.49%)

**Additional information on preference shares shareholding pattern**

	Nationality	Number of shares	Percentage of shareholding interest
		BD	BD
BMMI B.S.C.	Bahraini	60,000	98.11%
General public	Various	1,155	1.89%
		<b>61,155</b>	<b>100%</b>

The distribution pattern of preference shares, setting out the number of shareholders and percentages in the following categories is as follows:

	Number of shareholders	Number of shares	31 December 2014
			Percentage of total outstanding shares
Less than 1%	15	243	0.40%
1% up to less than 5%	1	912	1.49%
5% up to less than 99%	1	60,000	98.11%
	<b>17</b>	<b>61,155</b>	<b>100%</b>

	Number of shareholders	Number of shares	31 December 2013
			Percentage of total subscribed shares
Less than 1%	15	243	0.40%
1% up to less than 5%	1	912	1.49%
5% up to less than 99%	1	59,998	98.11%
	<b>17</b>	<b>61,153</b>	<b>100%</b>

## 12. Statutory reserve

Under the provisions of the Bahrain Commercial Companies Law, an amount equivalent to 10% of the Company's profit for the year before appropriations is required to be transferred to a non-distributable reserve account up to a minimum of 50% of the issued share capital. No transfer has been made to this reserve as the Company has incurred a loss (2013: Nil).

## 13. Other income

	2013 BD
Interest income	<u>3,582</u>

## 14. General and administrative expenses

	2014 BD	2013 BD
Professional fees	19,774	20,784
Stock exchange subscription fees	18,375	16,500
Sitting fees	10,200	9,400
Advertisement expenses	6,508	6,926
Rent	4,681	10,498
Loss on disposal of property, plant and equipment	210	-
Late payment penalties	-	72,872
Other expenses	8,631	8,568
	<u>68,379</u>	<u>145,548</u>

The late payment penalties represent the amounts paid to the Company's contractor for the delays in settlement of outstanding dues.

## 15. Loss per share

	2014 BD	2013 BD
<b>Numerator</b>		
Net loss for the year used in basic and diluted EPS	(109,918)	(178,408)
<b>Denominator</b>		
Weighted average number of ordinary shares issued used in basic EPS	150,000,000	150,000,000
<b>Basic and diluted loss per share</b>	<u>(0.0007)</u>	<u>(0.0012)</u>

As of 31 December 2014, the Company has 61,155 non-participating, irredeemable, non-cumulative, convertible preference shares from the existing shareholders. According to the offer document, the conversion of these preference shares shall be in the ratio of 1,300 ordinary shares for every single preference shares held at the date of conversion. These preference shares have been suitably weighted for the number of days as well as the number of shares in arriving at the diluted loss per share for the year.

The 61,155 non-participating, irredeemable, non-cumulative, convertible preference shares are not considered in calculation of diluted earning per share as it is antidilutive and will decrease the loss per share.

## 16. Segmental information

As the Company has not commenced commercial operations, no business segmental information has been presented.

Further, the Company's operations are restricted to the Kingdom of Bahrain, therefore no geographical segmental information has been presented.

## 17. Related party transactions

The Company's related parties include its Directors, key management personnel, Shareholders, their close relatives and businesses under their control. The Company's transactions with related parties are in the ordinary course of business. The balances with related parties at financial position date have been separately disclosed in the financial statements.

The following amount arises out of the transactions with related parties of the Companies are reflected in the financial statements;

<b>Name of the related party</b>	<b>Nature of transactions</b>	<b>2014</b> BD	<b>2013</b> BD
BMMI B.S.C.	Underwriting fee	600,000	-
Board of Directors	Sitting fee	10,200	9,400

## 18. Commitments

### a. Operating lease commitments

The Company's future minimum lease payments under non-cancellable operating leases are as follows:

	<b>2014</b> BD	<b>2013</b> BD
Within one year	3,840	3,840
More than one year but within five years	-	3,840
	<b>3,840</b>	<b>7,680</b>



*Notes to the financial statements for the year ended 31 December 2014*

## b. Capital commitments

Commitments on capital work in progress as at 31 December 2014 and 31 December 2013 are as follows:

	2014 BD	2013 BD
Construction costs	6,703,758	13,789,533
Project management, engineering and consultancy fees	50,000	301,245
	<u>6,753,758</u>	<u>14,090,778</u>

## 19. Financial assets and liabilities and risk management

The Company's principal financial instruments comprise of cash and cash equivalents, other receivables, trade and other payables, amount due to related party, murabaha financing and retention payables.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors approves policies for managing each of these risks, which are summarized below.

## a. Interest rate risk

The Company's policy is to minimize interest rate risk exposures on long-term financing. The Company is not exposed to the risk of changes in market interest rates as the Company's murabaha financing bears fixed rate of interest.

## b. Liquidity risk

Liquidity risk is the risk arising from the Company not being able to meet its obligations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents.

The following table shows the maturity profile of financial liabilities as at 31 December 2014:

Particulars	Due within 1 year	Due between 1 to 5 years	Total
	BD	BD	
Murabaha financing	-	8,532,711	8,532,711
Retention payables	947,748	1,014,831	1,962,579
Trade and other payables	1,608,745	-	1,608,745
Amount due to related party	600,000	-	600,000
	<u>3,156,493</u>	<u>9,547,542</u>	<u>12,704,035</u>

*Notes to the financial statements for the year ended 31 December 2014*

The following table shows the maturity profile of financial liabilities as at 31 December 2013:

Particulars	Due within	Due between	Total
	1 year	1 to 5 years	
	BD	BD	BD
Murabaha financing	-	2,881,228	2,881,228
Retention payables	-	1,139,381	1,139,381
Trade and other payables	579,891	-	579,891
	<b>579,891</b>	<b>4,020,609</b>	<b>4,600,500</b>

## c. Foreign currency risk

The Company's primary exposure to the risk in changes in foreign currency relates to the transactional currency exposures. Such exposure arises when the transaction is denominated in currencies other than the functional currency of the operating unit or the counterparty.

The currency risk on foreign currencies is actively monitored by the Management. The Company's transactions are predominantly in Bahraini Dinars.

## d. Credit risk

Credit risk is the risk that counterparty fails to discharge an obligation to the Company. The Company trades only with recognized, creditworthy third parties.

The table below shows the gross maximum exposure to the Company's credit risk, without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques as at 31 December:

	2014	2013
	BD	BD
Other receivables	3,275	3,238
Bank balances	829,145	1,305,373
	<b>832,420</b>	<b>1,308,611</b>

## e. Credit quality per class of financial asset

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls.

Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

The Company's management considers that all the above financial assets that are past due but not impaired for each of the reporting dates under review are of good credit quality.

*Notes to the financial statements for the year ended 31 December 2014*

The table below shows the age analysis of the Company's financial assets as at 31 December 2014.

<b>Particulars</b>	<b>Neither past due nor impaired</b>
	<b>BD</b>
Other receivables	3,275
Bank balances	829,145
	<b>832,420</b>

The table below shows the age analysis of the Company's financial assets as at 31 December 2013.

<b>Particulars</b>	<b>Neither past due nor impaired</b>
	<b>BD</b>
Other receivables	3,238
Bank balances	1,305,373
	<b>1,308,611</b>

## 20. Capital management policy

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize Shareholders' value.

The Company monitors capital using capital to overall financing ratio, which is capital divided by overall financing.

	<b>2014</b>	<b>2013</b>
	<b>BD</b>	<b>BD</b>
Total equity	20,582,552	21,292,270
Less: Cash and cash equivalents	(829,291)	(1,305,376)
<b>Capital</b>	<b>19,753,261</b>	<b>19,986,894</b>
Total equity	20,582,552	21,292,270
Murabaha financing	8,532,711	2,881,228
<b>Overall financing</b>	<b>29,115,263</b>	<b>24,173,498</b>
Capital to overall financing ratio	<b>0.68</b>	<b>0.83</b>

## 21. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

## 22. Comparative figures

The comparative figures for the previous year have been reclassified/re-arranged wherever necessary to conform with the presentation in the current year's financial statements.

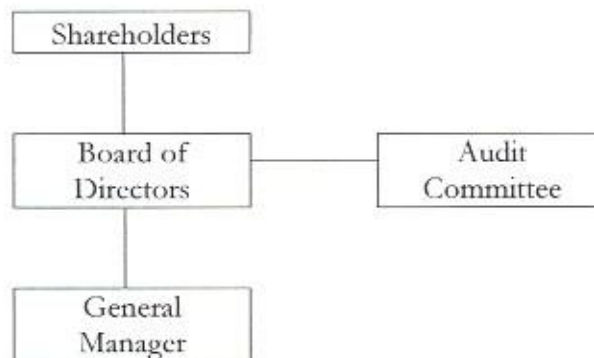
**Annexure**

**Corporate Governance Report:**

Corporate Governance is about promoting corporate fairness, transparency and accountability. It is a continual process which aims at transforming corporations into more democratic entities with a view to enhancing responsible corporate management geared towards long-term value creation. The Company is committed to the formulation of its corporate governance policies and the programmed implementation of these policies as and when it is feasible considering the fact that, despite being listed, the Company is still in its establishment phase and has not yet started its revenue-generating operations. As such, the organizational structure and manpower is only in its basic and minimum level. This is expected to reach a proper operational level only with the completion of hotel construction and the start of its operation.

Nevertheless, the Company is currently working on developing its Corporate Governance manual. It will, then, endeavour to put in place a plan for the implementation of the Corporate Governance requirements. Where it is not possible for the Company to comply with the requirements, especially due to being in its developmental phase as explained above, the plan will outline resulting gaps in the implementation. In order to ensure that the Company's actions in this respect are in line with the requirements of relevant regulatory bodies, close consultation is made with these bodies.

**Governance Structure:**



**Responsibility:**

As the Company is in its establishment phase and it is currently embarking on its first project, being a Five-star hotel, full staff recruitment will only start a few months before the hotel opening. The organization currently consists of minimal number of staff, and it does not therefore cater for many organizational functions as prescribed in the Corporate Governance Code. The function of Compliance is handled by the General Manager under the umbrella of the Audit Committee.

**Shareholding:**

The majority of the Company's shareholding is held by institutional investors as well as prominent business persons to the extent of more than 75%. The shareholding of the Directors amounted to 11.71% at 31 December 2014. More details are given in Note 11 to the Financial Statements.

**Policies and procedures:**

With the current status of the Company whereby there are limited staffing and organizational functions, and where the number of transactions is relatively small and mainly pertaining to the Project, it has not yet developed relevant policies and procedures. However, the Company recognizes the importance of developing policies and procedures as and when appropriate and to commensurate with its future development into a fully-fledged organization.

**Anti-money laundering:**

The Company has not come across any suspicious transactions that could be related to money laundering or terrorism financing.

**Integrity, credibility, compliance, confidentiality and transparency:**

The Company is committed at all levels to the principle of integrity. It provides clear, comprehensive and accurate information to related parties such as shareholders, employees and legal and regulatory authorities. It abides by all relevant laws, regulations and standards, and would explain any necessary deviation or non-applicability. It would not inappropriately share any information on transaction concerning shareholders, employees, suppliers and business partners, except with those authorities with whom the sharing of information is permitted or required by laws and regulations. As a public shareholding company, the Company is committed to the disclosure of information of public nature promptly, accurately, thoroughly and comprehensively. It strives to establish transparent and close communication with the shareholders. The financial statements are prepared and audited in accordance with International Financial Reporting Standards and International Standards on Auditing.

**Board of Directors:**

The Company's Board is the primary governing body for the Company. The Board works within the framework and stipulations of the Commercial Companies Law 2001 and the Company's Articles of Association.

As of 31 December 2014, Banader Hotels Co. Board comprised 9 members. Next full election will be in the 2015 Annual General Meeting:

Abdulla Hassan Buhindi	Chairman	Independent	Non Executive
Jehad Yusuf Amin	Vice Chairman	Non-independent	Non Executive
Khalid Ali Al Ameen	Member	Independent	Non Executive
Mohammed Farooq Al Moayyed	Member	Independent	Non Executive
Suhail Mohammed Hajec	Member	Non-independent	Non Executive
Ammar Aqeel Mohamed	Member	Non-independent	Executive
Solaiman Ahmed Al-Hoqani	Member	Independent	Non Executive
Nael Jamil Hashweh	Member	Independent	Non Executive
Yusuf Abdulrahman Fakhro	Member	Independent	Non Executive

### **Profile of Board Directors:**

#### **Mr. Abdulla Hasan Buhindi (*Chairman*)**

Appointed to the Board in November 2005, Mr. Buhindi is one of the leading businessmen in Bahrain. He is a Bachelor in Commercial Banking from Kuwait University. He holds various positions in several institutions both locally and internationally. He is Chairman of the Board of National Investment Company, Buhindi Group, Aer Rianta M.E., Banz Group, BMMI Company, United Paper Industries, Bahrain Electromechanical Services Co., Copyright Co., LONA Real Estate Development, Buhindi International Dubai, Bahrain and Emirates Electrical and Mechanical Contracting, Dubai and Vertical Space LLC, Dubai. He is also Managing Director of Bahrain Duty Free Complex. He holds directorship in Oasis Capital Bank, Bahrain Kuwait Insurance Co., Bahrain Gulf Distribution Co. Gulf Marcom Group (Media Services), Rotana Hotel Management Corp., Dubai, Arab Insurance Group, Beirut and Iqarat Lubnan, Beirut. He is appointed as Honorary Consul to Irish Consulate Bahrain since July 2009.

#### **Mr. Jehad Yusuf Amin (*Vice-Chairman*) (*representative of BMMI*)**

Mr. Amin has been a board member since November, 2005 and was appointed on 8<sup>th</sup> February, 2012 as the vice chairman of Banader Hotels Co. Mr. Amin has 15 years of experience in the investment field. He holds various board and committee positions. He has been since 1999 a member of the executive/investment committee in the Bahrain National Holding (BNH). He is a board member in the Bahrain National Insurance (BNI). He is a board member and a member of the investment committee of United Insurance. He is a board member, a member of the audit committee, and a member of Metro Market committee of the General Company for Trading and Food Industries (Irafc). He is a board member and a member of the audit committee of Bahrain Live Stock. He is a board member and a member of the executive/investment committee of BMMI. He is a board member and a member of the executive committee of Bahrain Cinema Company. He has been recently appointed as vice chairman of the General Poultry Company.

#### **Mr. Khalid Ali Al-Ameen**

Appointed to the Board in March, 2009, Mr. Al-Ameen is a prominent entrepreneur in Bahrain and plays an instrumental role in developing his family-owned businesses. He holds key positions as a member of the Bahrain Economic Development Board, a board member of the executive office of the Board of Bahrain Chamber of Commerce and Industry (BCCI) and Tamkeen (Labour Fund). He is also a board member of Ali Rashid Al Amin Trading Company, GCC Arbitration Council, and the Housing Bank. Furthermore, he is the CEO of Midway Supermarket. He is also the chairman of the Food and Agriculture Sector Committee of the Bahrain Chamber of Commerce & Industry, and the Bahrain India Business Council. He is a member of the executive committee of Asmak Company, the board of trustees of Ibn Khuldoon National School, Bahrain Forum Society, CHIANE DES ROTISSEURS, and vice president of parents, teachers and students council of Ibn Khuldoon National School.

**Mr. Mohammed Farooq Almoayyed**

Appointed to the Board in November, 2005, Mr. Almoayyed is a Bachelor of Business Administration (Major in Finance) degree from George Washington University USA. He is the Managing Director of Almoayyed International Group. As a promising entrepreneur, he has actively participated in the group's business activities since the year 2000. He also extends his managerial support to the parent group Y.K. Almoayyed & Sons BSC (c). Currently, he holds board position in Y.K. Almoayyed & Sons BSC (c), Almoayyed Contracting Group, Bahrain Economic Development Board, Bahrain Chamber of Commerce & Industry, National Finance House BSC (c), BMMI, Lanterns Restaurant, Mirai Restaurant WLL, Global Sourcing & Supply, and Bayader Company Restaurant Management SPC.

**Mr. Suhail Mohammed Hajee (*representative of BMMI*)**

Appointed to the Board in March, 2012, Mr. Hajee holds an MBA from McGill University, and a BSC Computer Engineering from Concordia University, both from Montreal, Canada. Mr. Hajee began his investment/banking career in 1990 with Arab Insurance Group (ARIG), Bahrain. In 1991, he joined Integrated Financial Concept, Vancouver, Canada. Between 1996 and 2006, Mr. Hajee held a succession of senior management positions and a member of a number of high level committees at Bank of Bahrain & Kuwait. In 2007, he was a member of the executive management committee involved in the establishment of Instrata Capital, and he then held the position of Chief Executive in this organisation. Mr. Hajee has served in various committees and board memberships. He is currently a board member of BMMI, ACWA Power Barka in Oman. He is also a past member of Vancouver Society of Financial Analysts and a current member of the CFA Institute.

**Mr. Ammar Aqeel Mohamed (*representative of BMMI*)**

Appointed to the Board in April, 2011, Mr. Ammar Al Hassan has over 14 years of experience in Finance and Accounting. He is a fellow member of the Chartered Institute of Management Accountants (CIMA) and the Association of Accounting Technicians (AAT). He also holds a Master of Business Administration (MBA) from University of Manchester - Manchester Business School and an Accounting Diploma from University of Bahrain. He held various finance roles in BMMI, including his current role as EVP & Chief Financial Officer (CFO).

**Mr. Solaiman Ahmed Al Hoqani**

Mr. Solaiman is currently chairman and board member of Global Financial Investments Holding SAOG (Oman), United Finance SAOG (Oman), Gulf Stone SAOG (Oman), Batina Hotels SAOG (Oman), Sohar Gases LLC (Oman), Oman Sayyrat International SAOC (Oman), and Ithraa Capital (UAE). He is also a founder and owner of Globalinvest (Oman), Global Omani Development & Investment (Oman), Batina for Investment SAOG (Oman), Dhofar Holding SAOC (Oman) and First National LLC (Oman). He is also investor in listed stocks across MENA region.

### **Mr. Nael Jamil Hashweh**

Mr. Hashweh is currently a board member and an advisor for Rotana Hotels Management Corporation PJSC). After completing his studies in Hotel Management, he started his career with Intercontinental Hotel group. During his 11 years of service with the group, he held executive financial positions in Jerusalem, the Mariana Islands (South of Japan) and the U.A.E. In 1983, he joined Abu Dhabi National Hotel Company first as Senior Auditor and later heading the departments of Finance and Administration as well as Hotels Operations Controls. In 1995, Mr. Hashweh joined the founders of Rotana as a partner and board member besides holding the position of Executive Vice President and CFO. For three years before his retirement in July, 2012, he served with Rotana as Consultant.

### **Mr. Yousuf Abdulrahman Fakhro**

Mr. Fakhro holds a bachelor of Internationals Relations from Tufts University in Massachusetts, Boston. Mr. Fakhro is the managing director of Yousif Bin Yousif Fakhro where he has been managing different business lines and divisions of the group. Previous to joining Yousif Bin Yousif Fakhro, he was at Citi Bank Bahrain as an assistant manager for a period of 3 years. Mr. Fakhro holds several board positions in various local and regional businesses, governmental entities and charitable organizations

### **Executive Management**

#### **Mr. Ebrahim Mohamed Abdulla Bucheery**

**Mr. Ebrahim** re-joined the Company in January 2014. He currently holds the position of the General Manager. He has over 40 years of experience and held various key positions including managerial positions in the field of finance, accounting and administration in The Bahrain National Oil Company, The Bahrain National Gas Company and The Bahrain Petroleum Company. He holds Higher National Diploma in business studies from the North Staffordshire University, United Kingdom. During his working career, he was exposed to numerous conferences, seminars, courses and workshops covering wide range of fields, from accounting, insurance to management, in the USA, United Kingdom, GCC and Bahrain.

### **Board Meetings:**

The Board met 4 times during the period from January to December, 2013. The attendance of these meeting by members was as follows:

Board Meeting No./Year	Date	Number of Members Attended	Number of Members Excused
1/2014	5 <sup>th</sup> February	8	1
2/2014	13 <sup>th</sup> March	9	-
3/2014	28 <sup>th</sup> April	8	1
4/2014	9 <sup>th</sup> November	9	-



**Board Committees:**

The Board has in place an audit committee. The Audit Committee oversees the financial reporting process, reviews compliance with all relevant laws, regulations and codes of business practices, and reviews all auditing requirements. A **Risk Management** function does not presently exist. The Company recognizes the need for this function, which will need to be put in place along with the Company progression into a fully-fledged operational organization. However, for the purpose of mitigating any existing or potential risk, the Audit Committee has been entrusted with the overall responsibility for the existence of necessary internal controls.

Audit Committee has also a role of overseeing progress on the Project including tendering, financing and other related matters. The Board will introduce other committees in accordance with the requirement of Corporate Governance as and when feasible and commensurate with its organizational development and necessity for compliance.

**Company Secretary:**

The role of Company Secretary is delegated to the General Manager, who also acts as a secretary for Board committees. Meeting minutes are maintained and all resolutions are documented.

**Internal and External Auditing:**

The Board recognizes its responsibility for the internal control in the Company. Despite the fact that policies and procedures within the framework of internal control will need to be developed in future along with the organizational development of the Company, the Board closely monitors this requirement through its Audit Committee. The Shareholders, at the last Annual General Meeting held in 2014, appointed Grant Thornton Abdulaal as their external auditors. The External Auditors has submitted an unqualified audit opinion for the year 2014.

**Insider Trading and Key Person Dealing Policies:**

The Company has in place these policies and their related procedures. Insiders and Key Persons have been made aware of their responsibilities under these policies and the procedures to be followed to comply with them.

**Remuneration and Bonus Shares:**

Although the Company is yet to articulate a remuneration and nomination policy and establish the related committees, it is guided by the stipulations of its Articles of Association as far as Board member remunerations are concerned. As the Company has not yet started its revenue generating activities, directors are only remunerated with nominal sitting fees for attending Board and committee meetings. Board and committee members received a total of BD9,400, for this purpose, during 2013.

**Corporate Governance Code Non-Compliance:**

As per **Principle 8** of the Code, the Board shall report to the shareholders on the Company's compliance with its **Rules** and **Guides**, and explain the extent and justification of any non-compliance. The Company will present such report including an action plan to the Shareholders at the coming Annual General Meeting.