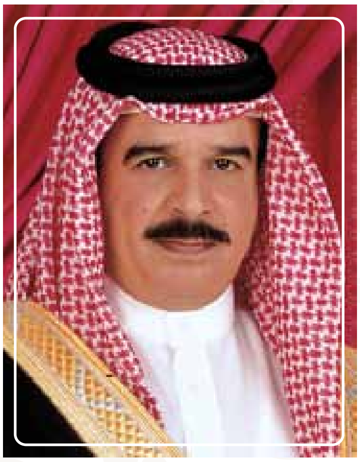


His Majesty
King Hamad bin Isa Al Khalifa
King of Bahrain

His Royal Highness
Prince Khalifa bin Salman Al Khalifa
The Prime Minister

His Royal Highness
Prince Salman bin Hamad Al Khalifa
The Crown Prince and Deputy
Supreme Commander
First Deputy Prime Minister

Board of Directors

Mr. Faisal Ahmed Al Zayani
Chairman

Mr. Ayad Abdulla Ahmed Al Sumait
Vice Chairman & M.D

Mr. Mishari Z.H. Al Khalid
Director
Chairman, Audit Committee

Mr. Abdul Latif Ahmed Al Zayani
Director
Chairman, Executive Committee

Mr. Hashem S.S. Al Saif
Director

Mr. Sulaiman Ghloum Al Rasoul
Director

Mr.Abdulaziz Abdulla Alisa
Director

Mr. A. Rahman A. Morshed
Chief Executive Officer

Board of Directors Report 2015

Dear Shareholders,

I am pleased to submit to you the Company's 2015 Annual Report that contains the Chairman's Report, the Auditors Report and the Audited Financial Statements.

Dear Shareholders,
Despite the fierce competition among the Five Star Hotels primarily caused by the noticeable increase in the number of hotel rooms and the complete abolishment of the minimum room rate, a sense of instability of the economies of the GCC and indeed of the world at large as a result of the constant and seemingly gradual decline in the oil prices, yet the Company's performance has shown significant improvement to last year.

- Hotel & Residence revenue increased by 12%
- Office Building revenue increased by 33%
- Total Company's revenue increased by 14%
- Company's net profit increased by 23%
- Earnings Share increased by 25% despite the increase in the number of shares (Bonus Shares)

I am also delighted to announce that we have finalized and signed the Renewal Contract for the Management Agreement with Carlson Rezidor for another 15 years starting from 01/01/2016. It is also worth mentioning that the contribution of the Office Building in the Company's profitability has noticeably increased as the building occupancy is shy of 50%.

We have also managed to accomplish three major projects:
(a) Energy Conservation
(b) Replacement and reinforcement of the "WIFI" system in the Hotel
(c) Replacement and modernization of the PABX in the Hotel

The Company continues vigilantly to ensure full compliance with Corporate Governance Regulations through constant and regular follow up with the Executive Management.

Dear Shareholders,
Your Board, having discussed the audited Financial Statements for the year 2015, submits the following recommendations for endorsement by the Ordinary General Assembly with regard to the year 2015 profit:

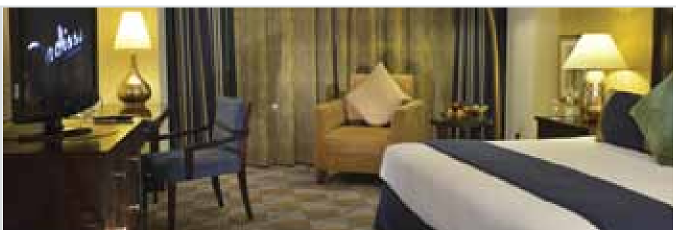
1) to allocate BD262,500/- for the Statutory Reserve Account.
2) to declare and pay Cash Dividend to the Shareholders at 12% of the Share Capital i.e. BD1,310,097/-, amounting to 12 Fils per share.
3) to approve BD179,000/- for Directors remuneration already charged as an expense in the Income Statement.
4) to approve BD50,000/- for the support of National Institutions and Charity Accounts already charged as an expense in the Income Statement.
5) to transfer the balance of the profit of BD2,200,626/- to the Retained Earnings Account.

Finally, I would like to express personally and on behalf of the Board and the Shareholders, my thanks and appreciation to His Majesty The King - Shaikh Hamad bin Isa Al Khalifa, His Royal Highness The Prime Minister - Prince Khalifa bin Salman Al Khalifa, and His Royal Highness The Crown Prince, the first Deputy Prime Minister and the Deputy Supreme Commander - Prince Salman bin Hamad Al Khalifa, for their support and assistance to the Company. I would also like to thank all the officials at Government Ministries, Organisations and esteemed customers for their continuous backing to us. Special tribute must be paid to all the Company's employees led by the Chief Executive Officer, Mr. A.Rahman Morshed, the Executive Managers and the rest of the Diplomat Radisson Blu Hotel, Residence & Spa, and the Diplomat Office Tower Building employees for their sincere efforts in serving the Company.

With the Grace of God,

Faisal Ahmed Al Zayani
Chairman

Manama
11.02.2016



Independent Auditors' Report To The Shareholders

Report on the financial statements

We have audited the accompanying financial statements of National Hotels Company B.S.C. ('the Company'), which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss, statement of other comprehensive income, statement of cash flows and statement of changes in equity 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 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 the Board of Directors determines is necessary to enable the preparation of the 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 Standards 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 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 auditors' judgement, 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 Board of Directors, 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 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other regulatory requirements

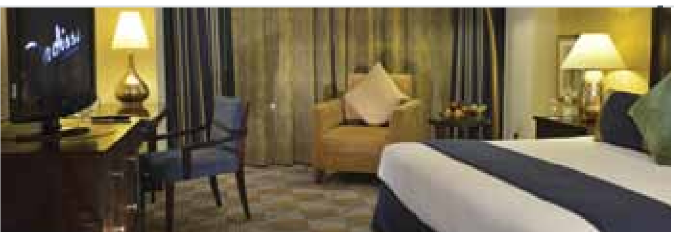
As required by the Bahrain Commercial Companies Law, we report that:

a) the Company has maintained proper accounting records and the financial statements are in agreement therewith; and
b) the financial information contained in the report of Board of Directors is consistent with the financial statements.

We are not aware of any violations of the Bahrain Commercial Companies Law, 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 or the terms of the Company's memorandum and articles of association during the year ended 31 December 2015 that might have had a material adverse effect on the business of the Company or on its financial position. Satisfactory explanations and information have been provided to us by management in response to all our requests.

Ernst & Young

Partner's Registration No. 115
11 February 2016
Manama, Kingdom of Bahrain



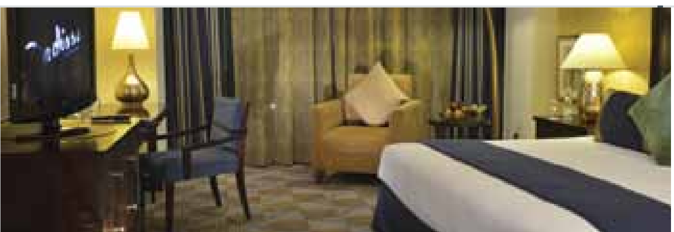
Statement of Financial Position As at 31 December 2015

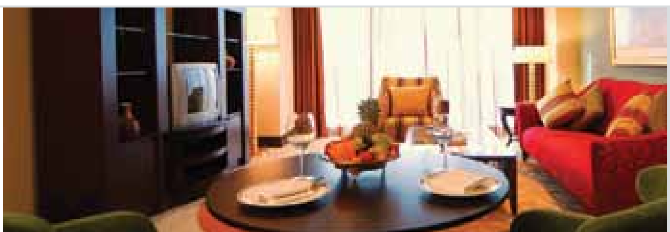
	Note	2015 BD	2014 BD
ASSETS			
Non-current assets			
Property, plant and equipment	7	**76,818,063**	78,666,173
Investment in an associate	8	**6,872,407**	6,228,485
Available-for-sale investments	9	**2,995,215**	2,681,430
Total non-current assets		**86,685,685**	87,576,088
Current assets			
Inventories	10	**75,057**	65,687
Held-for-trading investments	11	**42,931**	49,127
Trade and other receivables	12	**647,482**	617,160
Bank balances and cash	13	**6,252,055**	4,890,680
Total current assets		**7,017,525**	5,622,654
TOTAL ASSETS		**93,703,210**	93,198,742
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**11,025,000**	10,500,000
Treasury shares	15	**(94,726)**	(94,726)
Statutory reserve	16	**5,512,500**	5,250,000
General reserve	17	**2,190,079**	2,190,079
Revaluation reserve	18	**35,604,343**	35,604,343
Available-for-sale investments reserve		**2,426,752**	2,097,817
Retained earnings		**27,079,711**	24,879,085
Proposed dividend	19	**1,310,097**	1,039,759
Proposed bonus shares	19	**-**	525,000
Total equity		**85,053,756**	81,991,357
Non-current liabilities			
Employees' end of service benefits	20	**362,320**	330,110
Term loan	21	**3,729,651**	6,216,087
Total non-current liabilities		**4,091,971**	6,546,197
Current liabilities			
Trade and other payables	22	**2,071,047**	2,174,752
Current portion of term loan	21	**2,486,436**	2,486,436
Total current liabilities		**4,557,483**	4,661,188
Total liabilities		**8,649,454**	11,207,385
TOTAL EQUITY AND LIABILITIES		**93,703,210**	93,198,742

Faisal Ahmed Al Zayani
Chairman

Ayad Abdulla Ahmed Al Sumait
Vice Chairman and Managing Director

The attached notes 1 to 36 form part of these financial statments





STATEMENT OF PROFIT OR LOSS

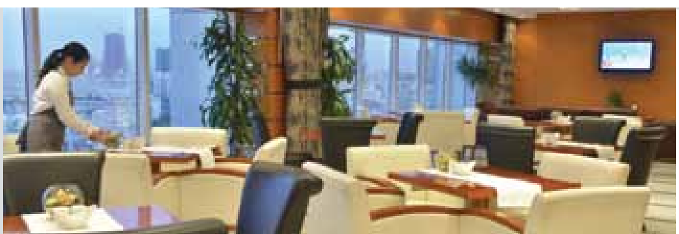
For The Year Ended 31 December 2015

	Note	**2015** **BD**	2014 BD
Gross operating revenue	23	**9,886,914**	8,701,933
Gross operating costs	24	**(5,203,382)**	(4,666,178)
GROSS OPERATING PROFIT		**4,683,532**	4,035,755
Net investment income:			
Share of profit from an associate	8	**1,628,772**	1,305,812
Dividend income		**157,809**	150,285
Interest on term deposits		**27,821**	48,153
Net changes in cumulative fair value of held-for-trading investments		**(6,196)**	361
		1,808,206	1,504,611
Miscellaneous income	25	**291,834**	297,020
Depreciation	7	**(1,984,923)**	(1,786,799)
General and administration expenses		**(658,256)**	(637,994)
Financial charges		**(265,876)**	(354,580)
Loss on write-off of property, Plant & equipment		**(101,294)**	-
PROFIT FOR THE YEAR		**3,773,223**	3,058,013
Basic and diluted earnings per share (in fils)	27	**35**	28
Dividend per share (in fils)	19 (b)	**12**	10
Bonus shares for each 100 shares outstanding	19 (a)	**-**	5

Faisal Ahmed Al Zayani
Chairman

Ayad Abdulla Ahmed Al Sumait
Vice Chairman and Managing Director

The attached notes 1 to 36 form part of these financial statments



STATEMENT OF OTHER COMPREHENSIVE INCOME

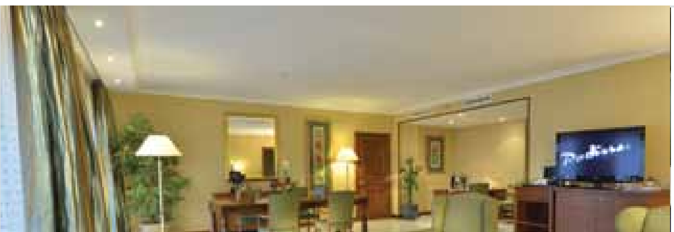
For The Year Ended 31 December 2015

	Note	**2015** BD	2014 BD
Profit for the year		**3,773,223**	3,058,013
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net movement in fair values of available for sale investments during the year	9	**313,785**	111,559
Share in associate's cumulative changes in fair values	8	**15,150**	(31,029)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**328,935**	80,530
Other comprehensive income for the year		**328,935**	80,530
Total comprehensive income for the year		**4,102,158**	3,138,543

Faisal Ahmed Al Zayani
Chairman

Ayad Abdulla Ahmed Al Sumait
Vice Chairman and Managing Director

The attached notes 1 to 36 form part of these financial statments



STATEMENT OF CASH FLOWS

For The Year Ended 31 December 2015

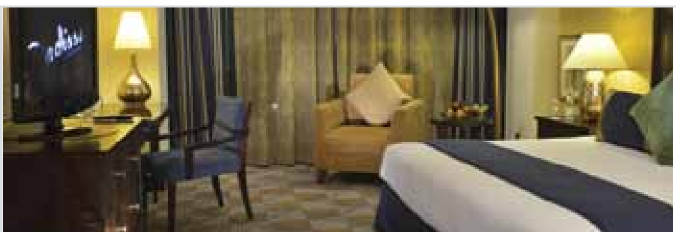
	Note	2015 BD	2014 BD
OPERATING ACTIVITIES			
Profit for the year		**3,773,223**	3,058,013
Adjustments for:			
Depreciation	7	**1,984,923**	1,786,799
Write-off of property, plant and equipment	7	**101,294**	-
(Gain) Loss on disposals of property, plant and equipment		**(1,220)**	3,068
Share of profit from an associate	8	**(1,628,772)**	(1,305,812)
Net change in the fair value of held-for-trading investments		**6,196**	(361)
(Wrie back) Provision for doubtful receivables	12	**(16,773)**	1,953
Provision for employees' end of service benefits	20	**61,846**	62,583
Dividend income		**(157,809)**	(150,285)
Interest on term deposits		**(27,821)**	(48,153)
Operating profit before working capital changes		**4,095,087**	3,407,805
Working capital changes:			
Inventories		**(9,370)**	(2,990)
Trade and other receivables		**(13,549)**	(2,106)
Trade and other payables		**220,845**	564,142
Cash flows from Operations		**4,293,013**	3,966,851
Directors' remuneration paid	28	**(172,000)**	(172,000)
Employees' end of service benefits paid	20	**(29,636)**	(16,938)
Charitable contributions paid	22	**(56,200)**	(98,000)
Net cash flows from operating activities		**4,035,177**	3,679,913
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(326,381)**	(2,234,176)
Proceeds from disposals of property, plant and equipment		**3,000**	29,500
Dividends received from an associate	8	**1,000,000**	800,000
Other dividends received		**157,809**	150,285
Interest received		**27,821**	48,153
Net cash flows (used in) from investing activities		**862,249**	(1,206,238)
FINANCING ACTIVITIES			
Dividends paid	19 (a)	**(1,039,759)**	(990,247)
Repayment of term loan	21	**(2,486,436)**	(2,486,436)
Net cash flows used in financing activities		**(3,526,195)**	(3,476,683)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,371,231**	(1,003,008)
Cash and cash equivalents at 1 January		**4,669,281**	5,672,289
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	13	**6,040,512**	4,669,281

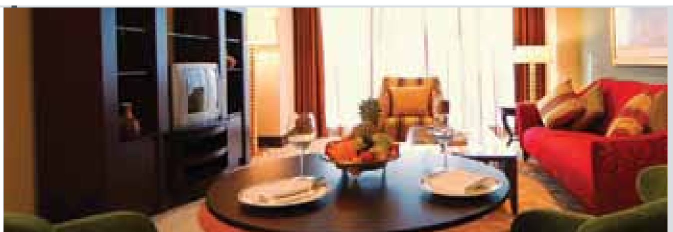
Non-cash items:

(i) Liabilities towards acquisition of property, plant and equipment to the extent of BD 101,821 (2014: BD 188,315) with a net decrease of BD 86,494 during the year (2014: BD 64,183) were not settled as of the date of statement of financial position.

(ii) Unclaimed dividends pertaining to prior years amounting to BD 211,543 (2014: BD 221,399) [note 13] has been excluded from the movement of trade and other payables.

The attached notes 1 to 36 form part of these financial statments





STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2015

	Note	Share capital BD	Treasury shares BD	Statutory reserve BD	General reserve BD	Revaluation reserve BD	Available-for-sale investments reserve BD	Retained earnings BD	Proposed dividend BD	Proposed bonus shares BD	Total BD
Balance at 1 January 2015		10,500,000	(94,726)	5,250,000	2,190,079	35,604,343	2,097,817	24,879,085	1,039,759	525,000	81,991,357
Profit for the year		-	-	-	-	-		3,773,223	-		3,773,223
Other comprehensive income		-	-	-	-	-	328,935	-	-		328,935
Total comprehensive income		-	-	-	-	-	328,935	3,773,223			4,102,158
Dividend paid - 2014	19 (a)	-	-	-	-	-	-	-	(1,039,759)		(1,039,759)
Issue of bonus shares	19 (b)	525,000	-	-	-	-	-	-	-	(525,000)	-
Proposed dividend - 2015	19(a), (c)	-	-	-	-	-	-	(1,310,097)	1,310,097		-
Transfer to statutory reserve	16	-	-	262,500	-	-	-	(262,500)	-		-
Balance at 31 December 2015		**11,025,000**	**(94,726)**	**5,512,500**	**2,190,079**	**35,604,343**	**2,426,752**	**27,079,711**	**1,310,097**	**-**	**85,053,756**
Balance at 1 January 2014		10,000,000	(94,726)	5,000,000	2,715,079	35,604,343	2,017,287	23,110,831	990,247	500,000	79,843,061
Profit for the year		-	-	-	-	-	-	3,058,013	-		3,058,013
Other comprehensive income		-	-	-	-	-	80,530	-	-		80,530
Total comprehensive income		-	-	-	-	-	80,530	3,058,013	-		3,138,543
Dividend paid - 2013	19 (a)	-	-	-	-	-	-	-	(990,247)		(990,247)
Issue of bonus shares	19 (b)	500,000	-	-	-	-	-	-	-	(500,000)	-
Transfer to statutory reserve	16	-	-	250,000	-	-	-	(250,000)	-		-
Proposed dividend - 2014	19(a), (c)	-	-	-	-	-	-	(1,039,759)	1,039,759		-
Proposed bonus shares	19 (a)	-	-	-	(525,000)	-	-	-	-	525,000	-
Balance at 31 December 2014		10,500,000	(94,726)	5,250,000	2,190,079	35,604,343	2,097,817	24,879,085	1,039,759	525,000	81,991,357

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

1 CORPORATE INFORMATION

National Hotels Company B.S.C. (the "Company") is a public joint stock company incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under commercial registration (CR) number 1665. The address of the registered office of the Company is P.O. Box 5243, Building 59, Road 1701, Block 317, Diplomatic Area, Kingdom of Bahrain. The Company owns the Diplomat Radisson BLU Hotel, which is managed by Rezidor Hotel Group ("Rezidor") under a 15 year management agreement dated 20 July 2000. In 2007, the Company commenced the operations of its serviced apartments, which are also managed by Rezidor under a 12 year management agreement dated 6 May 2003. In 2012, the Company commenced the operations of its office towers, which are managed by the Company directly. During the year, the management agreement was amended to extend the period up to 31 December 2030.

The Company operates solely in the Kingdom of Bahrain.

Associate

The Company has a 33.33% interest in African & Eastern (Bahrain) W.L.L. (2014: 33.33%).

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 11 February 2016.

2 BASIS OF PREPARATION

The financial statements 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 (applicable provisions of Volume 6) and rules and procedures of the Bahrain Bourse.

The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of available-for-sale investments, held-for-trading investments and the revaluation of land.

The financial statements have been presented in Bahraini Dinars (BD), which is the functional currency of the Company.

3 CHANGES IN ACCOUNTING POLICIES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2015:

- Improvements to IFRSs (2010-2012) Cycle: Amendments to IFRS 8 - Operating Segments, IAS 16 – Property, Plant and Equipment, IAS 38 – Intangible Assets and IAS 24 – Related Party Disclosures; and

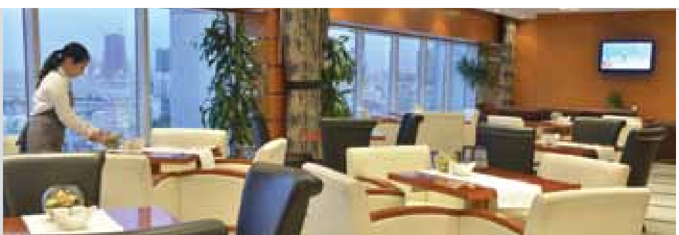
- Improvements to IFRSs (2011-2013) Cycle: Amendments to IFRS 13 – Fair Value Measurement and IAS 40 – Investment Property.

Annual Improvements 2010-2012 Cycle

- In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards. The Company has applied these improvements for the first time in these financial statements. They include:

IFRS 8 Operating Segments

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'; and



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

3 CHANGES IN ACCOUNTING POLICIES (Continued)

New and amended standards and interpretations (Continued)

IFRS 8 Operating Segments (Continued)

- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Company has not applied the aggregation criteria in IFRS 8.12. The Company has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in note 32 in this period's financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of his decision making.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. Expenses incurred by the Company relating to management services are disclosed in note 28.

Annual Improvements 2011-2013 Cycle
These improvements are effective from 1 July 2014 and the Company has applied these amendments for the first time in these financial statements. They include:

IFRS 13 Fair Value Measurement
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. This amendment is not relevant for the Company.

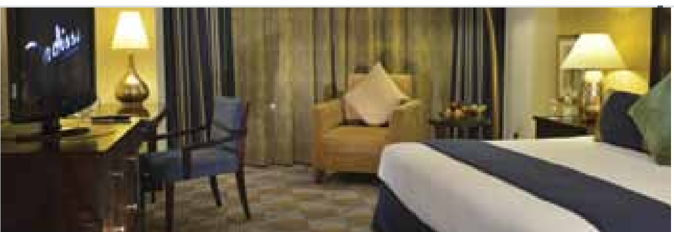
IAS 40 Investment Property
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. This amendment is not relevant for the Company.

Several other new standards and amendments apply for the first time in 2015. However, they do not impact the financial statements of the Company.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is presented as current when it is:



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification (continued)

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is presented as current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Property, plant and equipment

Property, plant and equipment, except land, is recorded at cost less accumulated depreciation and any impairment in value. Land is carried at revalued amounts. Land and capital work-in-progress are not depreciated.

Revaluation of land is normally carried out every three years. Any net surplus arising on revaluation is credited to a revaluation reserve and any decrease resulting from subsequent revaluations is charged directly against any related revaluation surplus held in respect of that same asset and the remaining portion charged as an expense. On the subsequent sale or retirement of revalued land, the additional revaluation surplus is transferred to retained earnings.

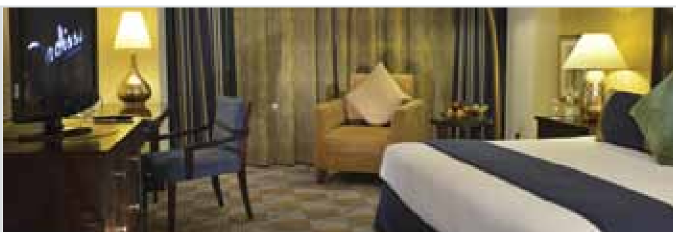
Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

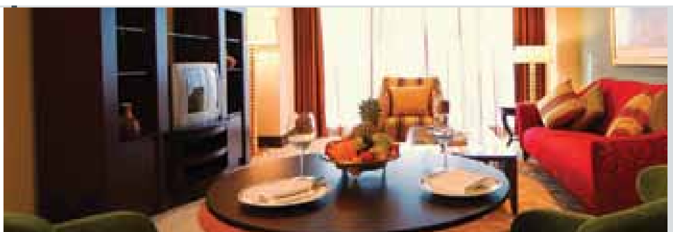
-	Buildings	25 to 40 years
-	Improvements to buildings	5 to 10 years
-	Furniture, fixtures and equipment	5 to 7 years
-	Plant and machinery	4 to 20 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

The Company assesses its impairment calculation after reviewing detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of one year. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the first year.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the statement of profit or loss as the expense is incurred.





NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amounts of the assets) is included in the statement of profit or loss in the year the asset is derecognised.

Investment in an associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Company's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the share of the results of operations of the associate. Any change in other comprehensive income (OCI) of this investee is presented as part of the Company's OCI. Where there has been a change recognised directly in equity of the associate, the Company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss for the year and non controlling interests in the subsidiaries of the associate.

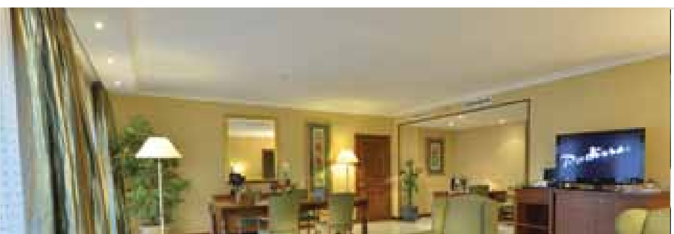
The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

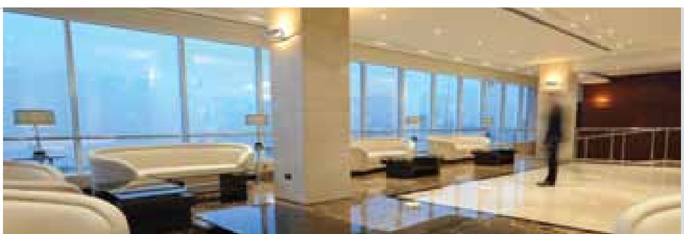
After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in associate. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Company measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Inventories

Inventories of food and beverage are stated at the lower of cost and net realisable value. Inventories of maintenance stores are stated at cost less provision for obsolescence. Costs are those expenses incurred in bringing inventories to their present location and condition and are determined on a first-in-first-out basis.





NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include bank balances and cash, term deposits, certain portion of trade and other receivables, available-for-sale investments and held-for-trading investments.

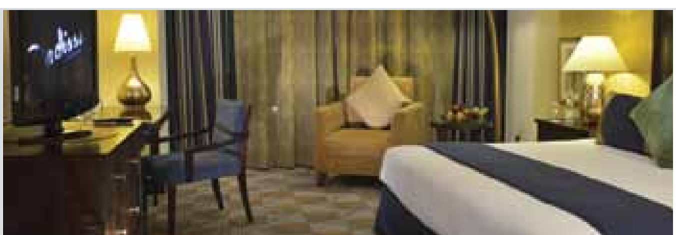
Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

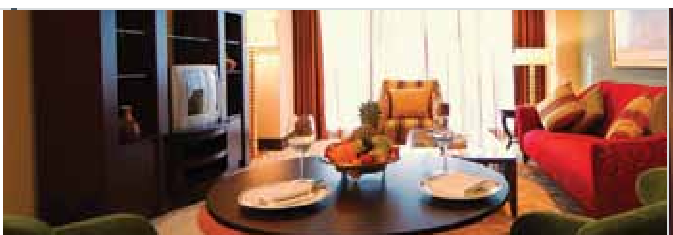
Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss includes financial assets held for trading and designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with gains or losses recognised in the statement of profit or loss.

The Company evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Bad debts are written off in the statement of profit or loss when identified.

This category generally applies to trade and other receivables. For more information on receivables, refer to note 12.





NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables or held-to-maturity investments. After initial measurement, available-for-sale financial assets are subsequently measured at fair value (unless it is impractical to determine the fair value), with unrealised gains or losses recognised as other comprehensive income until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of profit or loss, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of profit or loss.

The Company evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Company has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised as other comprehensive income is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, bank balances and short-term deposits with an original maturity of three months or less, net of restricted cash.

Impairment and uncollectibility of financial assets

The Company assesses at each date of statement of financial position whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

An assessment is made at each date of statement of financial position to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of profit or loss. Impairment is determined as follows:

a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of profit or loss;
b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities
Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs.

The Company's financial liabilities comprise of trade and other payables and term loan.

Trade and other payables
Liabilities for trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods or services received, whether or not billed to the Company.

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate (EIR) method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

This category generally applies to interest-bearing term loan. For more information refer note 21.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Amortised cost of financial instruments
Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Derecognition of financial instruments
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability; or
b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

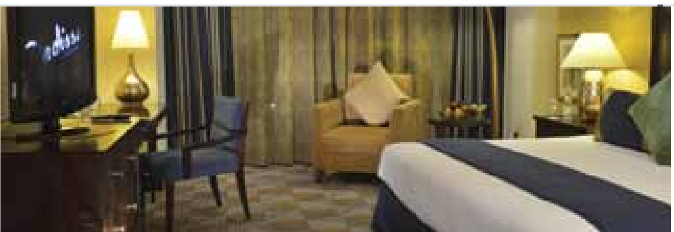
a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end of service benefits

The Company provides for end of service benefits to its expatriate employees in accordance with the Bahrain Labour Law. The entitlement to these benefits is based upon the employees' final salaries and length of service. The expected costs of these benefits are accrued over the period of employment.

The Company makes contributions to the Social Insurance Organisation scheme for its national employees calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable taking into account any contractually defined terms of payment, and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related levies. The Company assesses its revenue against specific criteria in order to determine if it is acting as a principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from service and sale of goods

Revenue from the rendering of services is recognised when services are performed, provided that the amount can be measured reliably. Revenue from the sale of goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Interest income

Interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in the statement of profit or loss.

Dividend income

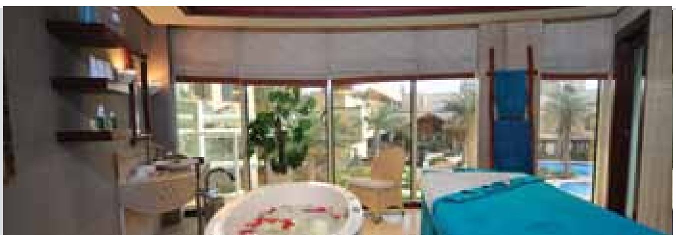
Dividend income is recognised when the Company's right to receive the payment is established.

Foreign currencies

Transactions in foreign currencies are recorded at the functional currency rate of exchange prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Translation gains or losses on non-monetary available-for-sale investments carried at fair value are included in equity as part of the fair value adjustment on available-for-sale investments. Translation gains or losses on non-monetary trading investments carried at fair value are included in the statement of profit or loss as part of the net change in the value of held-for-trading investments.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities, at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Classification of investments

Management decides upon acquisition of an investment whether it should be classified as held-for-trading investment or available-for-sale.

Valuation of investments

Management uses its best judgement in determining fair values of the unquoted investments by reference to recent, material arms' length transactions involving third parties. Nonetheless, the actual amount that will be realised in a future transaction may differ from the current estimate of fair value, given the inherent uncertainty surrounding valuations of unquoted investments. In determining any impairment for the unquoted investments carried at cost, assumptions have been made regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefit.

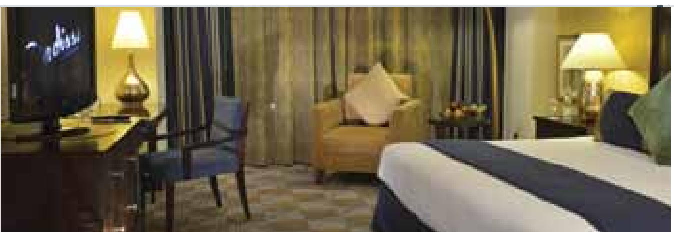
Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of 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.

Impairment of available-for-sale equity investments
The Company's management reviews its investments for impairment. The assessment is carried out when there has been a significant or prolonged decline in the fair value of an investment below its cost or when objective evidence of impairment exists.

Impairment of trade and other receivables
An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the reporting date, gross trade accounts receivable were BD 520,124 (2014: BD 506,535) and the provision for doubtful receivables was BD 38,072 (2014: BD 54,845). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the statement of financial position, gross food and beverage inventories were BD 56,635 (2014: BD 46,695) and general stores of BD 18,422 (2014: BD 18,992), and there was no allowance for old and obsolete inventories (2014: nil). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the statement of profit or loss.

Revaluation of land

The Company measures its freehold land at revalued amounts with changes in fair values being recognised in equity. Revaluation of land is normally carried out every three years. The Company engaged three independent valuation specialists to assess the fair value as at 31 December 2015 for the land.

Useful lives of property, plant and equipment

The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment of property, plant and equipment

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. During the year ended 31 December 2015, management recognised no impairment (2014: nil) on its property, plant and equipment (note 7).

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

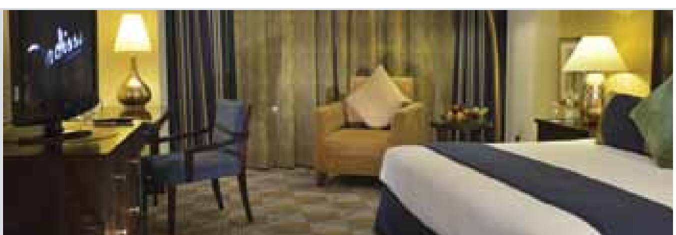
Standards issued but not yet effective up to the date of the issuance of Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards (where applicable) when they become effective:

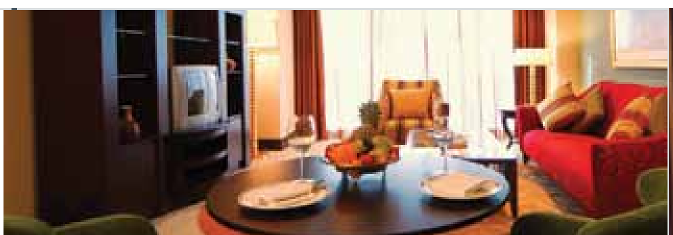
IFRS 9 Financial Instruments

The standard was initially effective for annual periods beginning on or after 1 January 2015, however the final version of IFRS 9 issued by the IASB in July 2014 moved the mandatory effective date to 1 January 2018.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion





NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company.

IFRS 14 Regulatory Deferral Accounts

The standard permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous Generally Accepted Accounting Principles, both on initial adoption of IFRS and in subsequent financial statements (effective for annual periods beginning on or after 1 January 2016).

IFRS 15 Revenue from contracts with customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 Leases

The International Accounting Standards Board (IASB) has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Company is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

"Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation"

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27 Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Company's financial statements.

Annual improvements to IFRSs (2012-2014) Cycle

These improvements are effective from 1 January 2016. The document contains amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to IAS 1 Disclosure Initiative

Amendments to IAS 1 Disclosure Initiative

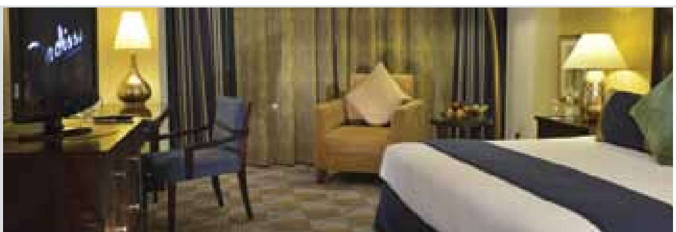
The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements;
- That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Amendments to IAS 1 Disclosure Initiative (continued)

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of income and other comprehensive income. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

Other standards and interpretations that have been issued but not yet effective are not likely to have any significant impact on the financial statements of the Company in the period of their initial application.



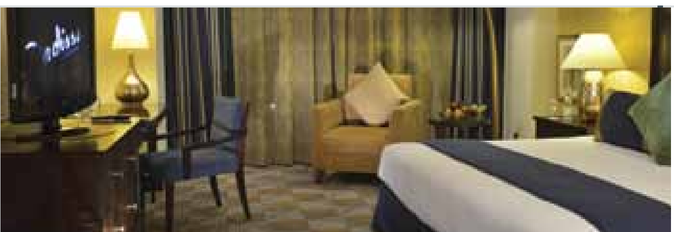
NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

7 PROPERTY, PLANT AND EQUIPMENT

	Freehold land BD	Buildings BD	Improvements to buildings BD	Furniture, fixtures and equipment BD	Plant and machinery BD	Capital work-in-progress BD	Total BD
Cost/valuation:							
At 1 January 2015	36,171,650	53,054,969	766,317	4,141,371	8,542,766	2,097,304	104,774,377
Additions	-	-	124,423	7,578	2,477	105,409	239,887
Transfer	-	-	1,755,140	210,106	193,644	(2,158,890)	-
Write-offs	-	-	-	(100,179)	(516,520)	-	(616,699)
Disposals	-	-	-	-	(17,800)	-	(17,800)
At 31 December 2015	36,171,650	53,054,969	2,645,880	4,258,876	8,204,567	43,823	104,379,765
Depreciation:							
At I January 2015	-	16,806,873	657,785	3,696,720	4,946,826	-	26,108,204
Charge for the year	-	1,326,574	210,639	42,262	405,448	-	1,984,923
Relating to write-offs	-	-	-	(1,703)	(513,702)	-	(515,405)
Relating to disposals	-	-	-	-	(16,020)	-	(16,020)
At 31 December 2015	-	18,133,447	868,424	3,737,279	4,822,552	-	27,561,702
Net carrying amounts:							
At 31 December 2015	**36,171,650**	**34,921,522**	**1,777,456**	**521,597**	**3,382,015**	**43,823**	**76,818,063**

Cost/valuation:							
At 1 January 2014	36,171,650	53,054,969	682,677	4,122,058	8,409,316	215,914	102,656,584
Additions	-	-	83,640	19,313	185,650	1,881,390	2,169,993
Disposals	-	-	-	-	(52,200)	-	(52,200)
At 31 December 2014	36,171,650	53,054,969	766,317	4,141,371	8,542,766	2,097,304	104,774,377
Depreciation:							
At 1 January 2014		15,480,299	639,201	3,676,741	4,544,796	-	24,341,037
Charge for the year		1,326,574	18,584	19,979	421,662	-	1,786,799
Relating to disposals		-	-	-	(19,632)	-	(19,632)
At 31 December 2014	-	16,806,873	657,785	3,696,720	4,946,826	-	26,108,204
Net carrying amounts:							
At 31 December 2014	36,171,650	36,248,096	108,532	444,651	3,595,940	2,097,304	78,666,173



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

8 INVESTMENT IN AN ASSOCIATE

The Company has a 33.33% (2014: 33.33%) interest in African & Eastern (Bahrain) W.L.L., which is incorporated in the Kingdom of Bahrain and is involved in the business of investment in bonds and shares as well as importing and selling consumer products. African & Eastern (Bahrain) W.L.L. is a private entity that is not listed on any public exchange. The Company's interest in African & Eastern (Bahrain) W.L.L. is accounted for using the equity method in the financial statements.

The movements during the year are as follows:

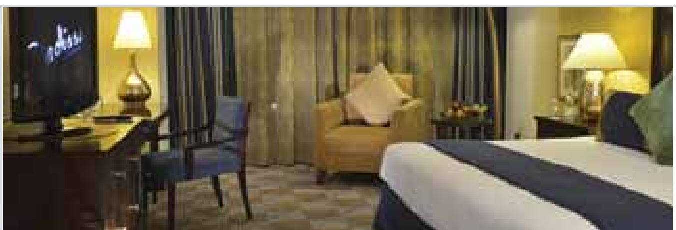
	2015	2014
	BD	BD
At 1 January	**6,228,485**	5,753,702
Share of profit during the year	**1,628,772**	1,305,812
Dividends received during the year	**(1,000,000)**	(800,000)
Share in associate's cumulative changes in fair values	**15,150**	(31,029)
At 31 December	**6,872,407**	6,228,485

The following table illustrates the summarised financial information of the Company's investment in African & Eastern (Bahrain) W.L.L.:

	2015	2014
	BD	BD
Current assets	**6,079,163**	5,645,072
Non-current assets	**14,791,555**	13,212,955
Current liabilities	**(835,311)**	(755,296)
Non-current liabilities	**(172,180)**	(171,462)
Equity	**19,863,227**	17,931,269
Proportion of the Company's ownership	**33.33%**	33.33%
Share of the associate's net assets	**6,620,414**	5,976,492
Goodwill on investment	**251,993**	251,993
Carrying amount of the investment	**6,872,407**	6,228,485

	2015	2014
	BD	BD
Revenue	**14,810,532**	12,774,338
Cost of sales	**(8,397,683)**	(7,653,046)
Other income	**374,032**	635,265
Administrative expenses	**(1,900,076)**	(1,804,532)
Impairment on available-for-sale investments	**-**	(34,196)
Profit for the year	**4,886,805**	3,917,829
Company's share of profit for the year	**1,628,772**	1,305,812

As at 31 December 2015, the associate had contingent liabilities arising in the ordinary course of business which includes outstanding letter of guarantee and tender cheques amounting to BD 5,486 (2014: BD 4,547).



NOTES TO THE FINANCIAL STATEMENTS
31 December 2015

9 AVAILABLE-FOR-SALE INVESTMENTS

	2015 BD	2014 BD
Equity investments:		
Quoted investments	**2,684,415**	2,370,630
Unquoted investments (at cost) *	**310,800**	310,800
	2,995,215	2,681,430

* These unquoted investments are carried at cost, as fair values cannot be reliably determined due to the unpredictable nature of future cash flows and the lack of other suitable methods for arriving at a reliable fair value for these investments.

The movement in the quoted available-for-sale investments is as follows:

	2015 BD	2014 BD
At 1 January	**2,370,630**	2,259,071
Unrealised gain on available for sale investments	**313,785**	111,559
At 31 December	**2,684,415**	2,370,630

All available-for-sale investments valued at fair value were valued under level 1 fair value hierarchy, there were no available-for-sale investments which were fair valued under level 2 and level 3 fair value hierarchy (note 31).

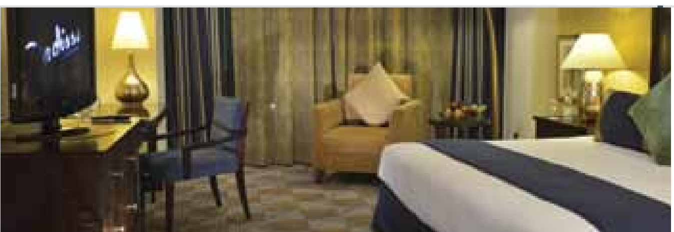
10 INVENTORIES

	2015 BD	2014 BD
Food and beverages	**56,635**	46,695
General stores	**18,422**	18,992
	75,057	65,687

The amount of inventories recognised as expenditure in gross operating costs during the year amounted to BD 904,696 (2014: BD 706,191).

11 HELD-FOR-TRADING INVESTMENTS

	2015 BD	2014 BD
Quoted equities		
At 1 January	**49,127**	48,766
Fair value loss	**(6,196)**	361
At 31 December	**42,931**	49,127



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

12 TRADE AND OTHER RECEIVABLES

	2015 BD	2014 BD
Trade receivables	**520,124**	506,535
Less: Provision for doubtful receivables	**(38,072)**	(54,845)
	482,052	451,690
Prepaid expenses	**143,566**	66,392
Amounts due from a related party (note 28)	**13,293**	12,954
Advances to supplier	**-**	67,692
Other receivables	**8,571**	18,432
	647,482	617,160

Trade receivables are non-interest bearing. Receivables relating to current guests are payable on departure. Receivables relating to other operations and corporate guests are generally on 30 days terms. For terms and conditions relating to related party receivables, refer to note 28.

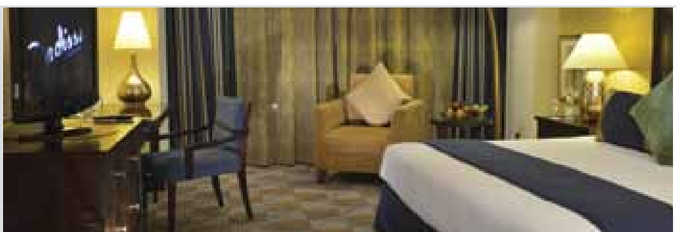
As at 31 December 2015, trade receivables with a nominal value of BD 38,072 (2014: BD 54,845) were impaired. Movements in the allowance for impairment of receivables were as follows:

	2015 BD	2014 BD
At 1 January	**54,845**	**52,892**
Charge for the year	**-**	**1,953**
Provision written back	**(16,773)**	**-**
At 31 December	**38,072**	**54,845**

As at 31 December, the ageing of unimpaired trade receivables is as follows:

			Past due but not impaired			
	Total BD	Neither past due nor impaired BD	30 – 60 days BD	61 – 90 days BD	91 – 120 days BD	>120 days BD
2015	**482,052**	**402,676**	**53,569**	**4,941**	**10,965**	**9,901**
2014	451,690	331,068	44,773	6,450	14,994	54,405

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables except post dated cheques for a small number of receivable balances.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows consist of the following statement of financial position amounts:

	2015	2014
	BD	BD
Cash on hand	**7,417**	8,063
Cash at banks	**3,409,293**	2,073,971
Term deposits	**2,835,345**	2,808,646
Bank balances and cash	**6,252,055**	4,890,680
Restricted cash	**(211,543)**	(221,399)
Cash and cash equivalents as per the statement of cash flows	**6,040,512**	4,669,281

Restricted cash represent unclaimed dividends which have been excluded in cash and cash equivalents.

Term deposits are short term deposits, denominated in Bahraini Dinars and held with commercial banks in the Kingdom of Bahrain with an average effective interest rate of 0.95% (2014: 1.36%). These term deposits have original maturities of one month (2014: same).

14 SHARE CAPITAL

The authorised, issued and paid-up share capital consists of 110,250,000 shares of BD 0.100 each (2014: 105,000,000 shares of BD 0.100 each).

At the annual general meeting held on 29 March 2015, the shareholders approved the issue of 5,250,000 bonus shares (2014: 5,000,000) with a nominal value of BD 525,000 (2014: BD 500,000) representing 5% of the issued and paid-up share capital before such bonus shares were issued. The issued and paid-up share capital was increased by BD 525,000 (2014: BD 500,000). The regulatory formalities in connection with the increase of the share capital is in progress as at 31 December 2015.

15 TREASURY SHARES

Treasury shares represent the purchase by the Company of its own shares. As at 31 December 2015, the Company had purchased 1,075,257 shares (2014: 1,024,054 shares) with a market value of BD 301,072 (2014: BD 307,217). These shares represent 0.98% of the total outstanding shares as at 31 December 2015 and 31 December 2014.

16 STATUTORY RESERVE

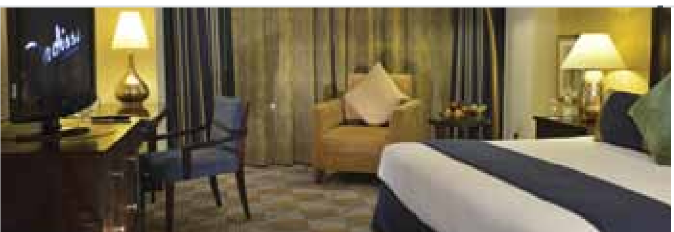
As required by the Bahrain Commercial Companies Law and the Company's articles of association, 10% of the profit for the year has to be transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital. The reserve is not distributable except in such circumstances as stipulated in the Bahrain Commercial Companies Law. During the year, the Company transferred BD 262,500 (2014: BD 250,000) and resolved to discontinue such transfer as the reserve totalled 50% of the issued and paid up share capital.

17 GENERAL RESERVE

The general reserve represents funds set aside for the purpose of future capital expenditure and to enhance the capital base of the Company. There are no restrictions over the distribution of this reserve.

18 REVALUATION RESERVE

The revaluation reserve relates to the fair valuation of freehold land owned by the Company.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

19 DIVIDENDS

a) Proposed and paid dividends

At the annual general meeting of the shareholders held on 29 March 2015, the shareholders of the Company resolved to distribute cash dividends of 10 fils per share, relating to 2014 amounting to BD 1,039,759 which was paid on 7April 2015 from retained earnings (2014: 10 fils per share, relating to 2013 amounted to BD 990,247).

The Board of Directors on 11 February 2016 has proposed a cash dividend of 12 fils per share totalling BD 1,310,097 from the retained earnings (2014: cash dividend of 10 fils per share totalling BD 1,039,759). These appropriations are subject to the approval of the shareholders at the Annual General Meeting and other regulatory bodies.

b) Proposed and issued bonus shares

At the annual general meeting of the shareholders held on 29 March 2015, the shareholders of the Company re solved to distribute bonus shares from the general reserve at 5 bonus shares for each 100 shares held totalling to 5,250,000 bonus shares with a nominal value of BD 525,000 (2014: 5 bonus shares for each 100 shares held totalling to 5,000,000 bonus shares with a nominal value of BD 500,000).

The Board of Directors has not proposed bonus shares from the general reserve for the year 2015 (2014: 5 bonus shares for each 100 shares held totalling to 5,250,000 bonus shares with a nominal value of BD 525,000).

c) Cash dividend per share

Dividend per share is calculated by dividing the proposed dividend for the year by the number of eligible shares at the year-end, as follows:

	2015	2014
Dividend for the year in BD	**1,310,097**	1,039,759
Number of eligible shares as at 1 January	**103,975,946**	99,024,710
Bonus shares issued during the year	**5,198,797**	4,951,236
Number of eligible shares as at 31 December	**109,174,743**	103,975,946
Dividend per share–fils	**12**	10

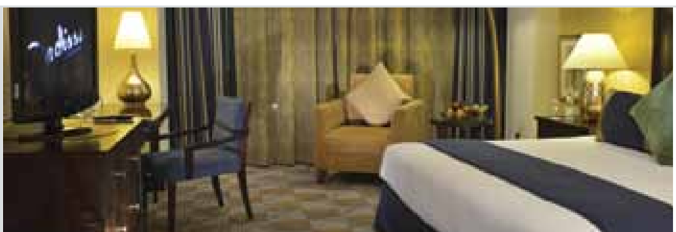
20 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the liability recognised in the statement of financial position in respect of employees' end of service benefits are as follows:

	2015 BD	2014 BD
Provision as at 1 January	**330,110**	284,465
Provided during the year (note 26)	**61,846**	62,583
End of service benefits paid	**(29,636)**	(16,938)
Provision as at 31 December	**362,320**	330,110

21 TERM LOAN

	2015 BD	2014 BD
Current liability	**2,486,436**	2,486,436
Non-current liability	**3,729,651**	6,216,087
Total term loan	**6,216,087**	8,702,523
As at 1 January	**8,702,523**	11,188,959
Repayment	**(2,486,436)**	(2,486,436)
As at 31 December	**6,216,087**	8,702,523



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

21 TERM LOAN (continue)

The Company has obtained an overdraft facility of BD 15,000,000 from a commercial bank in Kingdom of Bahrain to finance the construction of a commercial property which was agreed with the commercial bank to convert the overdraft facility to a term loan upon the completion of the construction. On 14 April 2012, the construction of the commercial property was completed and the overdraft facility was converted into a term loan, which is repayable in quarterly instalments of BD 621,609 plus interest at a rate of 3 month BIBOR plus 2.5% over a period of six years starting on 12 July 2012. The effective interest rate at 31 December 2015 was 3.61% (31 December 2014: 3.59%). The term loan is secured by a mortgage over the freehold land, buildings and improvements to buildings.

22 TRADE AND OTHER PAYABLES

	2015	2014
	BD	BD
Accrued expenses	**573,512**	487,039
Amounts due to related parties (note 28)	**403,098**	409,568
Advances from customers	**360,815**	367,293
Dividends payable	**211,543**	221,399
Trade payables	**141,330**	210,824
Provision for defective items	**106,201**	97,274
Provision for charitable contributions	**85,150**	91,350
Retentions payable	**81,577**	156,195
Interest payable	**53,484**	69,462
Deferred income	**27,899**	24,403
Construction contractors payable	**20,244**	32,120
Other payables	**6,194**	7,825
	2,071,047	2,174,752

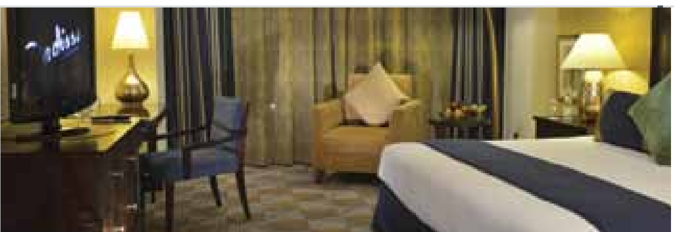
Trade payables are non-interest bearing and are normally settled within 45 days from the date of receipt of the goods or service.

Movements in the provision for charitable contributions recognised in the statement of financial position are as follows:

	2015	2014
	BD	BD
Provision as at 1 January	**91,350**	139,350
Amount provided during the year	**50,000**	50,000
Charitable contributions paid	**(56,200)**	(98,000)
Provision as at 31 December	**85,150**	91,350

23 GROSS OPERATING REVENUE

	2015	2014
	BD	BD
Rooms	**3,284,243**	3,358,268
Food and beverages	**3,195,744**	2,488,129
Serviced apartments	**1,970,389**	1,670,659
Income from office towers	**974,710**	733,880
Other departments	**461,828**	450,997
	9,886,914	8,701,933



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

24 GROSS OPERATING COSTS

	2015 BD	2014 BD
Food and beverages	**1,731,584**	1,444,061
Room related expenses	**644,026**	654,578
Serviced apartments related expenses	**434,511**	403,295
Expenses related to office towers	**253,210**	198,406
Other operating departments	**2,140,051**	1,965,838
	5,203,382	4,666,178

The break up of gross operating costs on the basis of nature of expenses is as follows:

	2015 BD	2014 BD
Payroll and related expenses (note 26)	**1,926,924**	1,903,327
Consumption of inventories	**904,696**	706,191
Overhead expenses	**444,816**	432,364
Utilities, insurance and taxes	**428,604**	312,289
Repairs and maintenance	**423,145**	440,094
Management fees (note 28)	**301,419**	273,242
Sales and marketing	**297,286**	274,949
Others	**476,492**	323,722
	5,203,382	4,666,178

25 MISCELLANEOUS INCOME

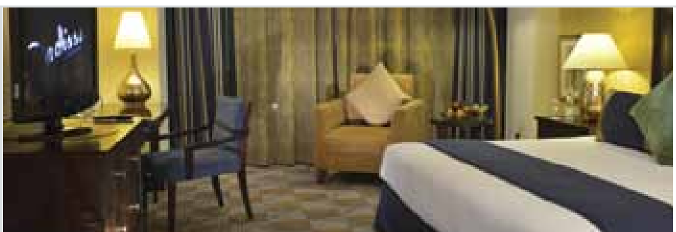
	2015 BD	2014 BD
Rental income	**240,000**	240,000
Rezidor sponsorship fee	**17,724**	17,272
Other	**34,110**	39,748
	291,834	297,020

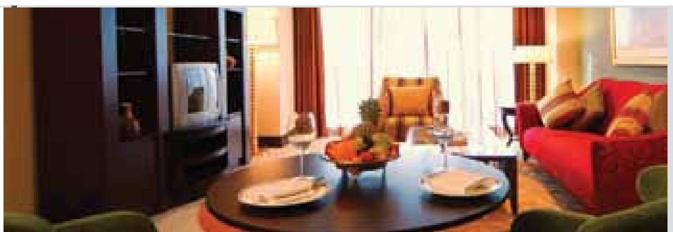
26 STAFF COSTS

The profit for the year is stated after charging staff costs as follows:

	2015 BD	2014 BD
Salaries and wages	**1,378,353**	1,283,056
Employees end of service benefits (note 20)	**61,846**	62,583
Contributions to the Social Insurance Organisation scheme:		
- Bahrainis	**73,873**	72,682
- Non-Bahrainis	**27,598**	27,306
Other staff expenses and benefits	**685,037**	744,032
	2,226,707	2,189,659

The staff costs has been allocated in the statement of income as follows:	2015 BD	2014 BD
Gross operating costs (note 24)	**1,926,924**	1,903,327
General and administration expenses	**299,783**	286,332
	2,226,707	2,189,659





NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

27 BASIC AND DILUTED EARNINGS PER SHARE

	2015	2014
Profit for the year - BD	**3,773,223**	3,058,013
Weighted average shares in issue (net of treasury shares)	**109,174,743**	109,174,743
Basic and diluted earnings per share - fils	**35**	28

No separate figure for diluted earnings per share has been presented as the Company has issued no instruments that would have a dilutive effect.

28 RELATED PARTY TRANSACTIONS AND BALANCES.

Related parties represent the associated company, major shareholders, directors and key management personnel of the Company, the operator of the hotel and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the statement of profit or loss are as follows:

	2015				2014			
	Purchases BD	**Fees for management services BD**	**Other expenses BD**	**Revenue and other income BD**	Purchases BD	Fees for management services BD	Other expenses BD	Revenue and other income BD
Associated company	**118,609**	**-**	**-**	**580**	93,172	-	-	373
Management company (Rezidor)	**-**	**301,419**	**20,159**	**29,683**	-	273,242	1,403	22,408
Directors	**-**	**-**	**202,250**	**10,289**	-	-	219,250	13,367
	118,609	**301,419**	**222,409**	**40,552**	93,172	273,242	220,653	36,148

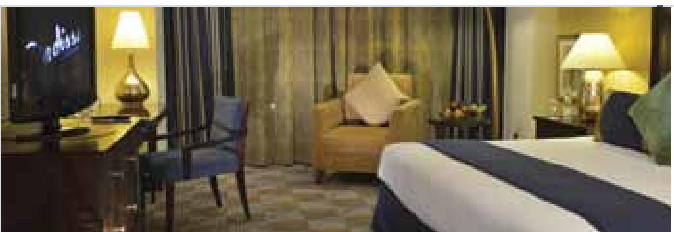
Balances with related parties included in the statement of financial position (note 12 and note 22) are as follows:

	2015		2014	
	Receivables BD	**Payables BD**	Receivables BD	Payables BD
Associated company	**-**	**10,528**	-	21,585
Management company (Rezidor)	**13,293**	**213,570**	12,954	215,983
Directors	**-**	**179,000**	-	172,000
	13,293	**403,098**	12,954	409,568

Terms and conditions of transactions with related parties

"Outstanding balances at the year end arise in the normal course of business and are unsecured, interest free and settlement occurs in cash, and are usually settled within 30 days. There have been no guarantees received or provided for any related party payable and receivable balances.

The directors' remuneration charged to statement of profit or loss during the year ended 31 December 2015 amounted to BD 179,000 (2014: BD 172,000) which only includes the basic fees. Further, the directors' remuneration paid during the year amounted to BD 172,000 (2014: BD 172,000).



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation of key management personnel

The remuneration of key management personnel, other than directors, during the year was as follows:

	2015	2014
	BD	BD
Short-term benefits	**192,694**	160,575
Employee's end of service benefits	**14,486**	20,974
	207,180	181,549

29 COMMITMENTS

The directors have not authorised any future capital expenditure as of the reporting date (2014: BD 32,000 relating to the refurbishment of the ballroom and syndicate room).

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Company manages risk through a process of ongoing identification and monitoring of the risks it faces. The Company is exposed to interest rate risk, credit risk, liquidity risk, equity price risk and reputational risk.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

Executive committee

The executive committee is responsible for evaluating and approving business and risk strategies, plans and policies of the Company.

Investment committee

The investment committee is mainly responsible for market and liquidity risks pertaining to the Company's investment activity by optimising liquidity and maximising returns from the funds available to the Company.

Interest rate risk

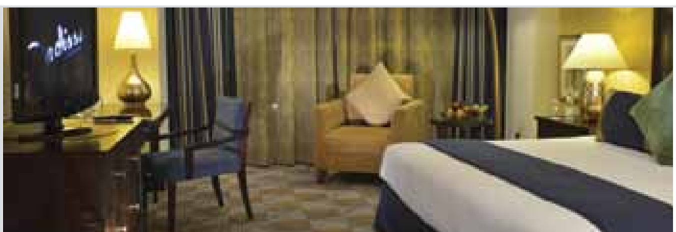
As at 31 December 2015, the Company has term deposits with a commercial bank in the Kingdom of Bahrain and a term loan.

The term deposits and their effective interest rate at 31 December 2015 are disclosed in note 13. The Company is not exposed to short term interest rate risk on the term deposits as they are fixed rate deposits.

The Company is exposed to interest rate risk on its term loan. The term loan and its effective interest rate at 31 December 2015 are disclosed in note 21. An increase in the interest rate on the outstanding term loan by 100 basis points with all other variables held constant, would have decreased the profit for the year by BD 62,161 (2014: BD 87,025). A decrease in interest rate by 100 basis points would have an equal and opposite effect on the profit for the year.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The Company is exposed to credit risk on its term deposits, managed portfolio and trade and other receivables. The Company places its deposits and funds with banks and investment managers having good credit ratings. With regard to trade and other receivables, the Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables on an on-going basis.

The Company provides its services to a large number of customers. Its five largest customers account for 20% of outstanding trade receivables at 31 December 2015 (2014: 18%).

Credit risk is limited to the carrying value of financial assets as shown in the statement of financial position.

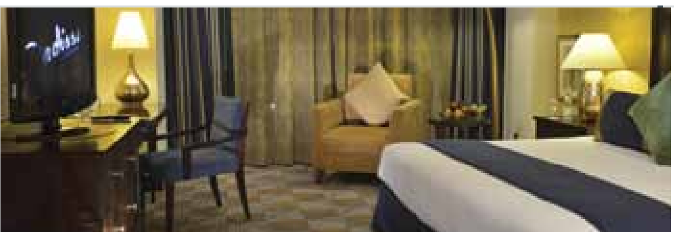
Liquidity risk

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.

The Company limits its liquidity risk by ensuring bank facilities are available and monitoring cash flows on an on-going basis. The Company's terms of billing require amounts to be paid within 30 days of billing. Trade payables are normally settled within 45 days from the date of invoice. The Company's cash flows from operations are normally adequate to meet expected liquidity requirements.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December, based on contractual payment dates.

	Less than 3 months BD	3 to 12 months BD	1 to 5 years BD	Total BD
31 December 2015				
Dividends payable	**211,543**	**-**	**-**	**211,543**
Retentions payable	**81,577**	**-**	**-**	**81,577**
Interest payables	**53,484**	**-**	**-**	**53,484**
Construction contractors payable	**-**	**20,244**	**-**	**20,244**
Other payables	**-**	**6,194**	**-**	**6,194**
Trade payables	**-**	**141,330**	**-**	**141,330**
Amounts due to related parties (note 28)	**-**	**403,098**	**-**	**403,098**
Advances from customers	**-**	**360,815**	**-**	**360,815**
Term loan	**680,662**	**2,006,554**	**3,853,662**	**6,540,878**
Total	**1,027,266**	**2,938,235**	**3,853,662**	**7,819,163**



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	Less than 3 months BD	3 to 12 months BD	1 to 5 years BD	Total BD
31 December 2014				
Dividends payable	221,399	-	-	221,399
Retentions payable	156,195	-	-	156,195
Interest payables	69,462	-	-	69,462
Construction contractors payable	-	32,120	-	32,120
Other payables	-	7,825	-	7,825
Trade payables	-	210,824	-	210,824
Amounts due to related parties (note 28)	-	409,568	-	409,568
Advances from customers	-	367,293	-	367,293
Term loan	704,283	2,077,417	6,540,877	9,322,577
Total	1,151,339	3,105,047	6,540,877	10,797,263

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company's transactions are mainly in Bahraini Dinars and United Stated Dollars. The Company is not exposed to significant currency risk as the Bahraini Dinar is pegged to the United States Dollar.

Equity price risk

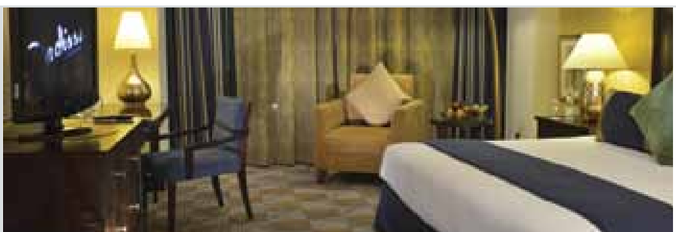
Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market.

The Company controls equity price risk by diversifying its investments.
The Company makes investments on its own account and through portfolio managers.

All of the Company's quoted investments, including managed portfolio investments, are traded in Gulf Co-operation Council (GCC) markets. One of the Company's own managed investments accounts for 88% of the total investments as of 31 December 2015 (2014: 87%). No other investments, including investments in the managed portfolio, accounts for more than 10% of the total investments.

The following table demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible changes in equity prices, with all other variables held constant.

	Change in equity price 2015 BD	**Effect on equity 2015 BD**	**Effect on profit 2015 BD**	Change in equity price 2014 BD	Effect on equity 2014 BD	Effect on profit 2014 BD
Available-for-sale investments						
Quoted	**+20%**	**536,883**	**-**	+20%	474,126	-
	-20%	536,883	-	-20%	(474,126)	-
Held-for-trading	**+20%**	**-**	8,586	+20%	-	9,825
Quoted	-20%	-	(8,586)	-20%	-	(9,825)



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk (continued)

The Company also has unquoted investments carried at cost where the impact of changes in equity prices will only be reflected when the investment is sold or deemed to be impaired, then the statement of profit or loss will be impacted.

Reputational risk

The Company manages reputational risk through regular monitoring of operations, ensuring that customers' feedback on the products and services offered is regularly received and acted upon, mystery guest processes and other forms of customer satisfaction surveys.

Capital management

For the purpose of the Company's capital management, equity includes share capital, treasury shares, statutory reserve, general reserve, revaluation reserve, available-for-sale investments reserve, retained earnings and proposed dividends.

The primary objective of the Company's capital management strategy is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders value and run its operations with funds generated from operations and maintain a low level of borrowings.

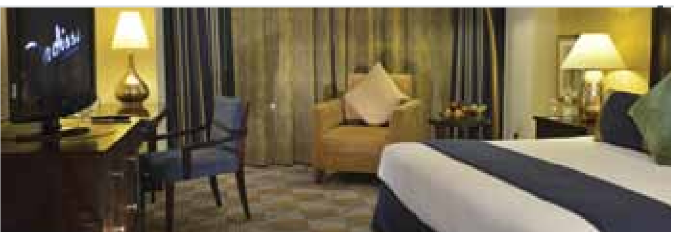
In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing term loan in the current period.

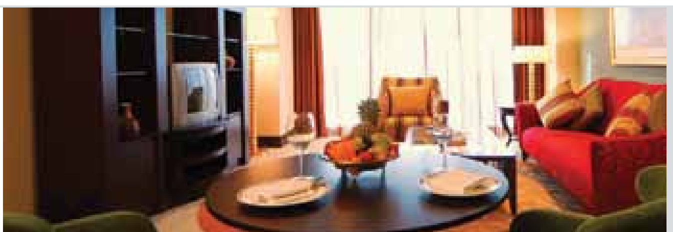
The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio below 25%. The Company includes within net debt, interest bearing loans and borrowing, trade and others payables, less cash and cash equivalents.

	2015	2014
	BD	BD
Interest-bearing term loan (note 21)	**6,216,087**	8,702,523
Trade and other payables (note 22)	**2,071,047**	2,174,752
Cash and cash equivalents (note 13)	**(6,040,512)**	(4,669,281)
Net debt	**2,246,622**	6,207,994
Total capital	**85,053,756**	81,991,357
Capital and net debt	**87,300,378**	88,199,351
Gearing ratio	**3%**	7%





NOTES TO THE FINANCIAL STATEMENTS
31 December 2015

31 FAIR VALUE MEASUREMENT

Financial instruments comprises of financial assets and financial liabilities.

Financial assets consist of cash at banks, term deposits, a certain portion of trade and other receivables and investments. Financial liabilities consist of a certain portion of trade and other payables and term loan.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities as at 31 December 2015 and 31 December 2014:

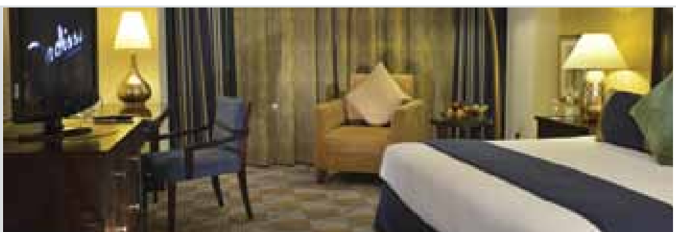
		Fair value measurement using			
31 December 2015	**Date of valuation**	**Quoted prices in active markets (Level 1) BD**	**Significant observable inputs (Level 2) BD**	**Significant unobservable inputs (Level 3) BD**	**Total BD**
Assets measured at fair value:					
Available-for-sale investments	**31 December 2015**	**2,684,415**	**-**	**-**	**2,684,415**
Held-for-trading investments	**31 December 2015**	**42,931**	**-**	**-**	**42,931**
Revalued freehold land	**9 March 2015**	**-**	**-**	**36,171,650**	**36,171,650**

		Fair value measurement using			
31 December 2014	Date of valuation	Quoted prices in active markets (Level 1) BD	Significant observable inputs (Level 2) BD	Significant unobservable inputs (Level 3) BD	Total BD
Assets measured at fair value:					
Available-for-sale investments	31 December 2014	2,370,630	-	-	2,370,630
Held-for-trading investments	31 December 2014	49,127	-	-	49,127
Revalued freehold land	9 March 2014	-	-	36,171,650	36,171,650

During the years ended 31 December 2015 and 31 December 2014, there have been no transfers between Level 1, Level 2 and Level 3.

There is no movement in the revalued freehold land, therefore, reconciliation of Level 3 fair value hierarchy is not disclosed.

The management assessed that cash and bank balances, deposits, trade and receivables, current portion of term loan and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

32 SEGMENT INFORMATION

The Company's operating businesses are organised into the following segments:

Hotel business and corporate	-	Room rental, food and beverage sales, conference and events, and head office expenses.
Office Towers	-	Office rental from two commercial towers.
Investments	-	Income from investments including associate, held-for-trading investments, available-for-sale investments and term deposits.

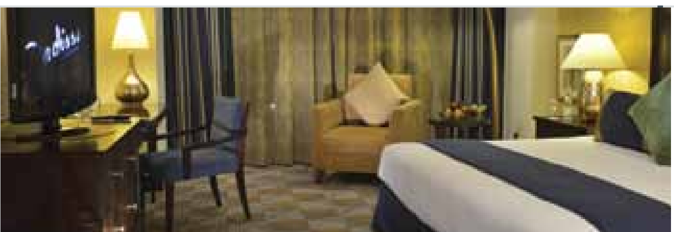
Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Segment assets include all operating assets used by a segment and consist primarily of property, plant and equipment, inventories, available-for-sale investments, held-for-trading investments and accounts receivable. Whilst the majority of the assets can be directly attributed to individual business segments, the carrying amounts of certain assets used jointly by two segments is allocated to segments on a reasonable basis.

Segment liabilities include all operating liabilities and consist primarily of accounts payable, accrued liabilities and term loan.

	Hotel business and corporate		Office towers		Investments		Total	
	2015 BD	2014 BD	**2015 BD**	2014 BD	**2015 BD**	2014 BD	**2015 BD**	2014 BD
Gross operating revenue	**8,912,204**	7,968,053	**974,710**	733,880	**-**	-	**9,886,914**	8,701,933
Gross operating costs	**(4,950,172)**	(4,467,772)	**(253,210)**	(198,406)	**-**	-	**(5,203,382)**	(4,666,178)
Gross operating profit	**3,962,032**	3,500,281	**721,500**	535,474	**-**	-	**4,683,532**	4,035,755
Investment income (net)	**-**	-	**-**	-	**1,808,206**	1,504,611	**1,808,206**	1,504,611
Other income	**291,834**	297,020	**-**	-	**-**	-	**291,834**	297,020
Depreciation	**(1,136,538)**	(942,769)	**(848,385)**	(844,030)	**-**	-	**(1,984,923)**	(1,786,799)
Expenses	**(658,256)**	(637,994)	**-**	-	**-**	-	**(658,256)**	(637,994)
Financial Charges	**(691)**	(865)	**(265,185)**	(353,715)	**-**	-	**(265,876)**	(354,580)
Loss on write-off of property, plant and equipment	**(101,294)**	-	**-**	-	**-**	-	**(101,294)**	-
Profit (loss) for the year	**2,357,087**	2,215,673	**(392,070)**	(662,271)	**1,808,206**	1,504,611	**3,773,223**	3,058,013
Total assets	**50,297,865**	52,280,299	**27,242,737**	27,068,721	**16,162,608**	13,849,722	**93,703,210**	93,198,742
Total liabilities	**2,124,787**	2,182,442	**6,524,667**	9,024,943	**-**	-	**8,649,454**	11,207,385
Capital expenditure	**176,635**	2,104,188	**63,252**	65,805	**-**	-	**239,887**	2,169,993

All of the sales and profit from the hotel business and office towers are earned in the Kingdom of Bahrain and investment income is earned from GCC countries including the Kingdom of Bahrain.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

33 SHAREHOLDERS' INFORMATION

a) The names and nationalities of the major shareholders, holding more than 5% of issued share capital of the Company and the number of shares held by them are as follows:

		2015		2014	
Names	**Nationality**	**No. of shares**	**%**	No. of shares	%
Kuwait Investment Authority	Kuwaiti	**36,207,168**	**32.84%**	34,483,018	32.84%
Social Insurance Organization (Pension) - Civil	Bahraini	**35,138,566**	**31.87%**	33,465,301	31.87%
Kuwait Investment Company	Kuwaiti	**23,090,302**	**20.94%**	21,990,765	20.94%

b) Distribution of share capital is as follows:

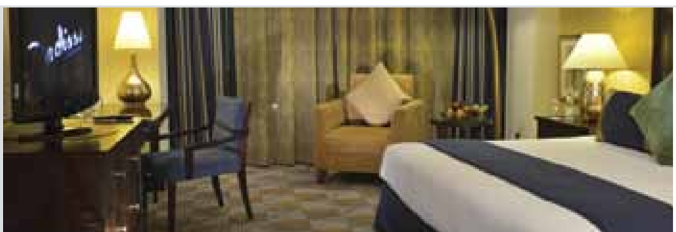
Category **As of 31 December 2015:**	**No. of shares**	**No. of shareholder(s)**	**Percentage of total outstanding Share Captial**
Less than 1%	**7,021,934**	**4,032**	**6.37%**
1% up to less than 5%	**7,716,773**	**4**	**7.00%**
5% up to less than 10%	**-**	**-**	**0.00%**
10% up to less than 20 %	**-**	**-**	**0.00%**
20% up to less than 50%	**94,436,036**	**3**	**85.66%**
	109,174,743	**4,039**	**99.03%**
Treasury shares	**1,075,257**	**-**	**0.98%**
	110,250,000	**4,039**	**100%**

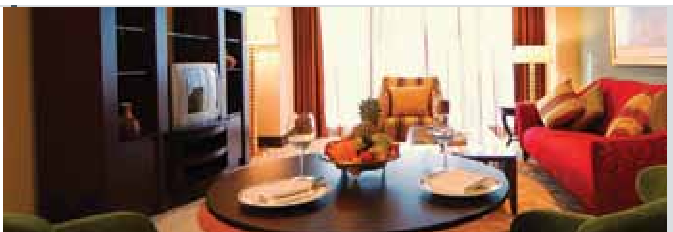
As of 31 December 2014:

Less than 1%	6,511,107	4,066	6.20%
1% up to less than 5%	7,525,755	4	7.17%
5% up to less than 10%	-	-	0.00%
10% up to less than 20 %	-	-	0.00%
20% up to less than 50%	89,939,084	3	85.65%
	103,975,946	4,073	99.02%
Treasury shares	1,024,054	-	0.98%
	105,000,000	4,073	100%

Directors ownership interest

Mr. Faisal Ahmed Al Zayani (Chairman of the Company) holds 194,882 (31 December 2014: 185,602) shares in the Company as at 31 December 2015 representing 0.18% (31 December 2014: 0.18%) holding in the Company.





NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

34 CORPORATE GOVERNANCE DISCLOSURES

(i) Board, Board Members and Management

Board and Directors' Responsibilities

The Board of Directors is accountable to shareholders for the proper and prudent investment and preservation of shareholder Interests. The Board roles and responsibilities include but not limited to:

- Responsible for establishing the Company's policies and strategy and for regularly monitoring the effectiveness of executive management in carrying out those policies and strategy.
- Ensure that the Company is managed prudently in compliance with its Memorandum and Articles of Association.
- Approving budgets, financial statements, major finance decision, strategic investment decision making, acquisitions and major asset disposal decisions.

In this respect, the Directors remain individually and collectively responsible for performing all Board of Director's tasks.

Material transactions requiring board approval

The following material transactions require board review, evaluation and approval:
- Long term strategic plan
- Annual business plan
- Business continuity plan
- Policies of the Company
- Risk management framework
- Appointment of sub-committee members

Election system of directors and termination process

Appointment / re-appointment of Board members take place every three years at the meeting of the Shareholders.

Termination of a Board member's mandate usually occurs by dismissal at the Meeting of the Shareholder or by the member's resignation from the Board of Directors.

Directors trading of company shares

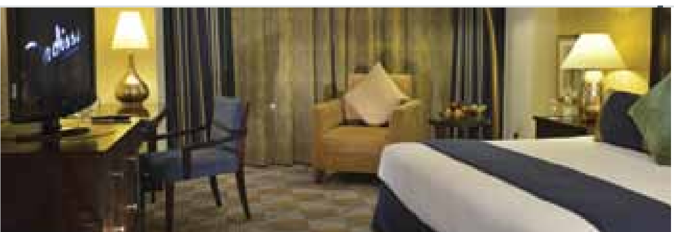
The Directors did not trade in any shares during the years ended 31 December 2015 and 31 December 2014.

Code of conduct and procedures adopted by the Board for monitoring compliance

The Board and the Company's employees are expected to maintain the highest level of corporate ethics and personal behaviour. The Company has established a Code of Conduct which provides an ethical and legal framework for all employees in the conduct of its business. The Code of Conduct defines how the Company relates to its employees, shareholders and the community in which the Company operates.

The Board of directors has adopted the Code of Conduct and whistleblower procedures policy to monitor and ensures compliance with Company ethics.

The Code of Conduct provides clear directions on conducting business internationally, interacting with governments, communities, business partners and general workplace behaviour having regard to the best practice corporate governance models. The Code of Conduct sets out a behavioural framework for all employees in the context of a wide range of ethical and legal issues. The Code of Conduct will be published in the 'Corporate Governance' section of the Company's website.




NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

34 CORPORATE GOVERNANCE DISCLOSURES (continued)

(i) Board, Board Members and Management (continued)

The Board of Directors consist of 7 members as of 31 December 2015 and 31 December 2014.

The Board has been elected on 29 March 2015 for a period of 3 years.

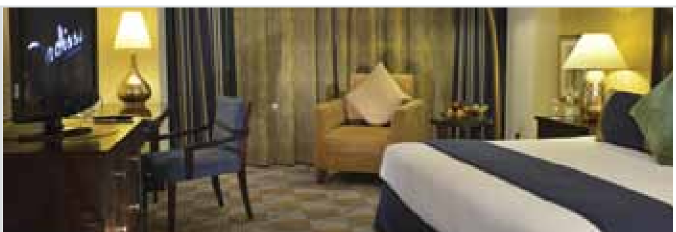
The following table summarises the information about the profession and business title of the current Board members;

	Name of Board Member	Profession	Business Title	Executive/ non executive independent/ non independent
1	Mr. Faisal Ahmed Al Zayani	Businessman	Chairman	Non Executive / Independent
2	Mr. Ayad Abdulla Ahmed Al Sumait	Representing Kuwait Investment Company	Vice Chairman and Managing Director	Executive / Non- independent
3	Mr. Abdul Latif Ahmed Al Zayani	Representing Social Insurance Organization	Director	Non Executive / Non- independent
4	Mr. Mishari Zaid Al Khalid	Representing Kuwait Investment Company	Director	Non Executive / Non- independent
5	Mr. Abdulaziz Abdulla Alisa	Representing Social Insurance Organization	Director	Non Executive / Non- independent
6	Mr.Hashem S.Al-Saif	Representing Kuwait Investment Authority	Director	Non Executive / Non- independent
7	Mr.Sulaiman Ghloom	Representing Kuwait Investment Authority	Director	Non Executive / Non- independent

No board member had directorship of other boards during the year ended 31 December 2015 and 31 December 2014.

The Company should hold a minimum of four Board meetings during each year. During the year ended 31 December 2015, six Board meetings were held. The following table summarises the information about Board of Directors meeting dates and attendance of directors at each meeting;

Members	11-Feb-15	30-Apr-15	30-Jul-15	22-Oct-15	26-Nov-15	14-Dec-15
Mr. Faisal Ahmed Al Zayani	✓	✓	×	✓	×	✓
Mr. Abdul Latif Ahmed Al Zayani	✓	✓	✓	✓	✓	✓
Mr. Mishari Zaid Al Khalid	✓	✓	✓	✓	✓	✓
Mr. Ayad Abdulla Ahmed Al Sumait	✓	✓	✓	✓	✓	✓
Mr.Hashem S.Al Saif	✓	×	✓	✓	✓	×
Mr.Sulaiman Ghloom Abdullah	✓	✓	✓	✓	✓	✓
Mr. Abdulaziz Abdulla Alisa	✓	✓	✓	✓	✓	✓



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

34 CORPORATE GOVERNANCE DISCLOSURES (continued)

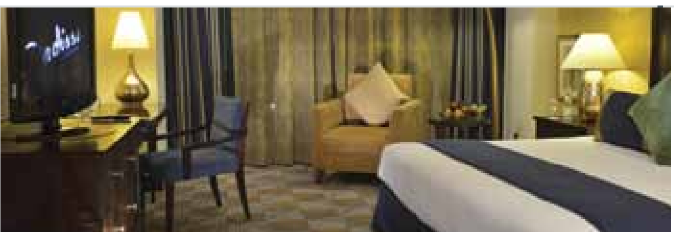
(i) Board, Board Members and Management (continued)

Remuneration policy

The remuneration policy is based on attendance fees and basic fees.
The remuneration of individual members is given in the below table:

Members	**Meetings attended**	**Fee / meeting 2015 BD**	**Attendance fee 2015 BD**	**Basic fees 2015 BD**	**Total fee 2015 BD**
Mr. Faisal Ahmed Al Zayani	4	750	3,000	27,000	**30,000**
Mr. Abdul Latif Ahmed Al Zayani	6	750	4,500	25,000	**29,500**
Mr. Mishari Zaid Al Khalid	6	750	4,500	25,000	**29,500**
Mr. Ayad Abdulla Ahmed Al Sumait	6	750	4,500	27,000	**31,500**
Mr. Hashem S.Al Saif	4	750	3,000	25,000	**28,000**
Mr.Sulaiman Ghloom Abdullah	6	750	4,500	25,000	**29,500**
Mr. Abdulaziz Abdulla Alisa	6	750	4,500	25,000	**29,500**
			28,500	179,000	**207,500**

Members	Meetings attended	Fee / meeting 2014 BD	Attendance fee 2014 BD	Basic fees 2014 BD	Total fee 2014 BD
Mr. Faisal Ahmed Al Zayani	4	750	3,000	26,000	29,000
Mr. Abdul Latif Ahmed Al Zayani	5	750	3,750	24,000	27,750
Mr. Mishari Zaid Al Khalid	4	750	3,000	24,000	27,000
Mr. Ayad Abdulla Ahmed Al Sumait	5	750	3,750	26,000	29,750
Mr. Hashem S.Al Saif	5	750	3,750	24,000	27,750
Mr.Sulaiman Ghloom Abdullah	5	750	3,750	24,000	27,750
Mr. Abdulaziz Abdulla Alisa	5	750	3,750	24,000	27,750
			24,750	172,000	196,750



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

34 CORPORATE GOVERNANCE DISCLOSURES (continued)

(i) Board, Board Members and Management (continued)

The following table summarises the information about the profession, business title and experience in years of each of the Executive Management;

	Name of Executive Member	Designation	Department	Experience in years
1	Mr. Abdul Rahman A. Morshed	Chief Executive Officer	Administration	34
2	Mr. Panos Panagis	General Manager	Administration	16
3	Mr. Ramesh Shankar	Group Chief Accountant	Finance	16
4	Mr. Darryl Veerasamy	Financial Controller	Finance	17
5	Mr. Salim Thakkur	Director of Engineering	Engineering	21
6	Mr. Shareef Khouraba	Director of Sales and Marketing	Sales	14
7	Mr. Anthony Stuart Johnson	Security Manager	Security	11
8	Mr. K.P. Chandran	Executive-House Keeping	House Keeping	12
9	Mr. Nicolas Sarver	Front Office Manager	Administration	5
10	Ms. Karin Hengstler	Revenue Manager	Administration	5
11	Mr. Peter Dubsky	Director, Food & Beverage	Food & Beverage	7
12	Mr. Vito Fornelli	Executive Chef	Food & Beverage	6

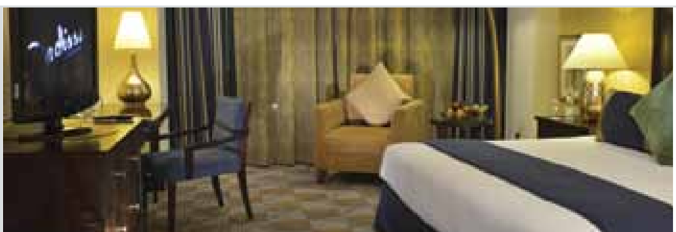
The following table summarises the remuneration paid to the executive management:

	2015	2014
	BD	BD
Salaries and wages	**327,273**	341,757
Employees' end of service benefits	**23,836**	33,235
Bonuses	**73,076**	74,190
Total	**424,185**	449,182

(ii) Committees

The following table summarises the information about the Board Committees, their members and objectives;

Board Committee	Objective	Members	Executive/ non executive independent/ non independent
Executive Committee	The Executive Committee's overall primarily responsibility is to perform functions of the Board of Directors when there is a critical need for prompt review and action of the Board of Directors and it is not practical to arrange for a meeting within the time reasonably available. In addition, the Executive Committee will assist the Board of Directors in maintaining oversight of the Company's operations, finance, investments and risk management matters.	Mr. Abdul Latif Ahmed Al Zayani	Non-executive / Non-independent
		Mr. Ayad Abdulla Ahmed Al Sumait	Executive / Non-independent
		Mr. Hashem S.Al Saif (until 31 March 2015)	Non-executive / Non-independent
		Mr. Sulaiman Ghloom Abdullah (from 31 March 2015)	Non-executive / Non-independent



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

34 CORPORATE GOVERNANCE DISCLOSURES (continued)

(ii) Committees (continued)

Audit Committee	The role of the Audit Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. The Audit Committee has the authority to conduct or direct any investigation required to fulfil its responsibilities and has the ability to retain, at the Company's expense, such legal, accounting or other advisers, consultants or experts as it considers necessary from time to time in the performance of its duties.	Mr. Mishari Zaid Al Khalid	Non-executive / Non-independent
		Mr. Abdulaziz Abdulla Alisa	Non-executive / Non-independent
		Mr. Sulaiman Ghloom Abdullah (until 31 March 2015)	Non-executive / Non-independent
		Mr. Hashem S.Al Saif (from 31 March 2015)	Non-executive / Non-independent

The Company should hold a minimum of two Executive and Audit committee meetings during each year. During the year ended 31 December 2015, four Executive and four Audit committee meetings were held. The following table summarises the information about committee meeting dates and attendance of directors at each meeting;

Executive Committee

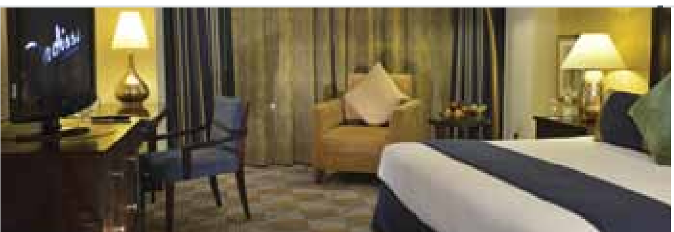
Members	10-Feb-15	29-Jul-15	21-Oct-15	13-Dec-15
Mr. Abdul Latif Ahmed Al Zayani	✓	✓	✓	✓
Mr. Ayad Abdulla Ahmed Al Sumait	✓	✓	✓	✓
Mr. Hashem S.Al Saif	✓			
Mr. Sulaiman Ghloom Abdullah		✓	✓	✓

Audit Committee

Members	10-Feb-15	29-Jul-15	21-Oct-15	13-Dec-15
Mr. Mishari Zaid Al Khalid	✓	✓	✓	✓
Mr. Sulaiman Ghloom Abdullah	✓			
Mr. Abdulaziz Abdulla Alisa	✓	✓	✓	✓
Mr. Hashem S.Al Saif		✓	✓	×

The following table summarises the remuneration for each committee member:

Member	**Remuneration**	
	2015	2014
	BD	BD
Mr. Abdul Latif Ahmed Al Zayani	**3,000**	3,750
Mr. Ayad Abdulla Ahmed Al Sumait	**3,000**	3,750
Mr. Hashem S.Al Saif	**2,250**	3,750
Mr. Mishari Zaid Al Khalid	**3,000**	3,750
Mr. Sulaiman Ghloom Abdullah	**3,000**	3,750
Mr. Abdulaziz Abdulla Alisa	**3,000**	3,750
	17,250	22,500



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

34 CORPORATE GOVERNANCE DISCLOSURES (continued)

(iii) Corporate Governance

Changes to the Company's corporate governance code and guidelines
In 2015, the Company has revisited its corporate governance framework and guidelines to ensure compliance with the Corporate Governance code enacted in 2010.

Conflict of interest:
In 2015, no instances of conflicts of interest have arisen. In the instance of a conflict of interest arising as a result of any business transaction or any type of resolution to be taken, the concerned Board member shall refrain from participating at the discussion of such transaction or resolution to be taken. In this respect, the Company's Board members usually inform the Board of a potential conflict of interest prior to the discussion of any transaction or resolution. The concerned Board member(s) also refrain from voting in any instance where a conflict of interest shall arise.

Evaluation of Board performance
The Annual General Meeting of the Shareholders evaluates on an annual basis the Board of Directors' Performance and absolves it from liabilities.

Chairman and CEO performance
The Chairman and CEO Performance are evaluated by the Board of Directors on an annual basis.

Means of communication with shareholders and investors
The Company is committed to providing relevant and timely information to its shareholders in accordance with its continuous disclosure obligations under the Corporate Governance Code.

Information is communicated to shareholders through the distribution of the Company's Annual Report and other communications. All releases are posted on the Company's website and released to the shareholders in a timely manner.

The Company Secretary is responsible for communications with the Shareholders and ensuring that the Company meets its continuous disclosure obligations.

Management of principal risks and uncertainties faced by the Company.
The management of principal risks and uncertainties faced by the Company is managed by the Executive Committee and the Board of Directors.

Review of internal control processes and procedures
The review of internal control process and procedures is performed regularly by the Company's internal auditors, which is outsourced, to ensure efficiency.

35 SOCIAL RESPONSIBILITY

The Company discharges its social responsibilities through corporate donations and sponsorships on projects and organisations aiming at social sustainable development and relief.

36 COMPARATIVE INFORMATION

Certain of the prior year figures have been reclassified to conform to the current year presentation. Such reclassifications do not affect previously reported retained earnings or shareholders' equity.