BAHRAIN TOURISM COMPANY BSC

FINANCIAL STATEMENTS

31 DECEMBER 2015

Hotel, property and tourism development and investment

Commercial registration	:	1977
Board of Directors	:	Hamed Mohd A. K. Al Awadhi *(Chairman)* Adel Hussain Al-Maskati *(Vice Chairman)* Waleed Ahmed Al Khaja Jalal Mohammed Yousuf Jalal Jamal Abdulla Mohammed Abdulla Almutawa * Reyadh Ahmed Al Mahmeed * Najah Hassan Al Arabi *
Chief Executive Officer	:	Abdullatif Khalfan
Offices	:	Crowne Plaza Bahrain, PO Box 5831, Diplomatic Area Manama – Kingdom of Bahrain Telephone 17530530/17531122, Telefax 17530867 E-Mail bahtours @ batelco.com.bh
Bankers	:	Ahli United Bank BSC National Bank of Bahrain BSC Bank of Bahrain and Kuwait BSC
Auditors	:	KPMG

* Representatives of Social Insurance Organization

Bahrain Tourism Company BSC

FINANCIAL STATEMENTS
for the year ended 31 December 2015

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Report of the Board of Directors to the Shareholders for the year ended 31 December 2015

The Board of Directors is pleased to present the 37th Annual Report since the formation of the company, highlighting the activities and results of the year ended December 31, 2015.

Net Profit of the company for the year 2015 amounted to BD 2,136,818, an increase of BD 523,626 or 32.4% over year 2014. Equity of the shareholders amounted to BD 35,499,816 as compared to BD 33,714,295 for the year 2014.

The Board of Directors recommended a cash dividend of 17% or 17 fils per share on the paid up capital for the approval of the Shareholders.

The Board of Directors proposes the following appropriations:

	BAHRAINI DINARS
Cash Dividends of 17 percent (17 fils per share for shares traded)	1,224,000
Donations to charity	15,000
Retained earnings after appropriations	897,818

The Board of Directors also propose directors' remuneration of BD. 96,000.

The new 5 Star Hotel Project is kept on hold until the completion of the Merger process.

Bahrain Tourism Company evaluating the feasibility of merger with Gulf Hotels Group and Al Jazeera Tourism Company

Bahrain Tourism Company B.S.C. (BTC), which had signed Memorandum of Understanding (MoU) separately with Gulf Hotels Group B.S.C (GHG) and Al Jazeera Tourism Company B.S.C (AJTC) (together the "Offerors") to evaluate the feasibility of merger or acquisition by the Offerors, has announced that its work is in progress in assessing these possibilities.

GHG had expressed intent to acquire 100% of the outstanding shares of BTC through a securities exchange offer. Subsequently, AJTC expressed intent to merge its operations with BTC through a securities exchange offer. The formal offers have yet to be received from either of the Offerors i.e. GHG and AJTC.

BTC has set up a Merger Committee and appointed the financial advisor to pursue the transaction, subject to obtaining the shareholder's approval and seeking the necessary regulatory consents.

The Board of Directors would like to express its deep gratitude and sincere appreciation to His Majesty King Hamad Bin Isa Al Khalifa, King of the Kingdom of Bahrain, HRH Prince Khalifa Bin Salman Al Khalifa, the Prime Minister and to HRH Prince Salman Bin Hamad Al Khalifa, the Crown Prince and Deputy Supreme Commander of the Bahrain Defense Force, and to the Ministers of the Kingdom of Bahrain for their continuing support and encouragement.

We also wish to reiterate our gratitude and appreciation to our respected clients for their support and finally, we are pleased to convey our appreciation and thanks to the company's Chief Executive Officer and all employees for their sincere efforts towards developing the business of the Company.

Hamed Mohd. A. K. Al Awadhi
Chairman

17 February 2016

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

Bahrain Tourism Company BSC
Kingdom of Bahrain

Report on the financial statements
We have audited the accompanying financial statements of Bahrain Tourism Company BSC (the "Company"), which comprise the statement of financial position as at 31 December 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Responsibility of the board of directors 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 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015, and its financial performance and its 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;
b) the financial information contained in the directors' report is consistent with the financial statements;
c) we are not aware of any violations during the year of the Bahrain Commercial Companies Law or the terms of the Company's memorandum and articles of association that would have had a material adverse effect on the business of the Company or on its financial position; and
d) satisfactory explanations and information have been provided to us by management in response to all our requests.

KPMG

KPMG Fakhro
Partner Registration No. 100
17 February 2016

STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

Bahraini dinars

	Note	2015	2014
ASSETS			
CURRENT ASSETS			
Cash and bank balances		1,204,820	1,208,523
Short-term bank deposits		6,646,216	5,769,909
Trade receivables	4	428,599	505,543
Inventory	5	92,269	76,635
Prepayments and other receivables		201,404	156,754
Total current assets		**8,573,308**	7,717,364
NON-CURRENT ASSETS			
Available-for-sale investments	6	5,246,590	4,805,615
Investment in associate company	7	6,995,089	6,342,464
Investment property	8	949,964	996,023
Property and equipment	9	15,927,566	16,060,919
Total non-current assets		**29,119,209**	28,205,021
TOTAL ASSETS		**37,692,517**	35,922,385
LIABILITIES			
CURRENT LIABILITIES			
Trade payables		445,849	410,777
Dividends payable		400,042	428,817
Accrued expenses and other payables	10	838,808	834,910
Total current liabilities		**1,684,699**	1,674,504
NON-CURRENT LIABILITIES			
Provision for employees' leaving indemnity	11	508,002	533,586
TOTAL LIABILITIES		**2,192,701**	2,208,090
TOTAL NET ASSETS		**35,499,816**	33,714,295
EQUITY			
Share capital	12	7,200,000	7,200,000
Statutory reserve		3,600,000	3,600,000
Capital and development reserves		12,758,242	12,758,242
Investment fair value reserve		4,243,606	3,715,903
Retained earnings		7,697,968	6,440,150
TOTAL EQUITY (page 5)		**35,499,816**	33,714,295

Hamed Mohd A. K. Al Awadhi	Adel Hussain Al-Maskati	Abdullatif Khalfan
Chairman	*Vice Chairman*	*Chief Executive Officer*

The Board of Directors approved the financial statements consisting of pages 3 to 27 on 17 February 2016.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2015

Bahraini dinars

	Note	2015	2014
Hotel operations			
Revenue	14	6,946,043	6,662,478
Operating costs	15	(5,182,871)	(4,933,754)
Depreciation of hotel and conference centre	9	(1,314,437)	(1,193,881)
Profit from hotel operations		**448,735**	534,843
INVESTMENT ACTIVITIES			
Dividend income		280,907	265,207
Share of profit from associate	7	1,635,550	1,305,930
Net property income	17	31,713	76,302
Interest income		81,094	76,276
Net income from travel division		157	(7,659)
Other income		14,934	12,222
Provision for impairment on AFS investments		(69,592)	-
Provision for impairment of receivables		(18,325)	-
Income from investment activities		**1,956,438**	1,728,278
General and administrative expenses	16	(268,355)	(649,929)
PROFIT FOR THE YEAR		**2,136,818**	1,613,192
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Available-for-sale investments:			
- Net change in fair value		510,626	245,954
Share of fair value reserve of associate		17,077	(17,184)
Transfer to income statement from fair value reserve of associate		-	(13,590)
Total other comprehensive income for the year		**527,703**	215,180
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,664,521**	1,828,372
Basic and diluted earnings per share of 100 fils for the year		29.7 fils	23.8 fils

Hamed Mohd A. K. Al Awadhi
Chairman

Adel Hussain Al-Maskati
Vice Chairman

Abdullatif Khalfan
Chief Executive Officer

The Board of Directors approved the financial statements consisting of pages 3 to 27 on 17 February 2016.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

Bahraini dinars

2015	Share capital	Statutory reserve	Capital and development reserves	Fair value reserve	Retained earnings	Total
At 1 January 2015	7,200,000	3,600,000	12,758,242	3,715,903	6,440,150	33,714,295
Comprehensive income:						
Profit for the year					2,136,818	2,136,818
Other comprehensive income						
Net change in fair value of available-for-sale investments	-	-	-	510,626	-	510,626
Share in the movement of investments fair value reserve of associate	-	-	-	17,077	-	17,077
Total other comprehensive income for the year	-	-	-	527,703	2,136,818	2,664,521
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	527,703	2,136,818	2,664,521
Charity donations approved for 2014	-	-	-	-	(15,000)	(15,000)
Transactions with shareholders reflected directly in equity						
Dividend declared for 2014	-	-	-		(864,000)	(864,000)
At 31 December 2015	**7,200,000**	**3,600,000**	**12,758,242**	**4,243,606**	**7,697,968**	**35,499,816**

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

Bahraini dinars

2014	Share capital	Treasury shares	Statutory reserve	Capital and development reserves	Fair value reserve	Retained earnings	Total
At 1 January 2014	7,200,000	(972,295)	3,600,000	12,758,242	3,500,723	5,474,252	31,560,922
Comprehensive income:							
Profit for the year						1,613,192	1,613,192
Other comprehensive income							
Net change in fair value of available-for-sale investments	-	-	-	-	245,954	-	245,954
Share in the movement of investments fair value reserve of associate	-	-	-	-	(17,184)	-	(17,184)
Transfer to income statement from investment fair value reserve of associate					(13,590)	-	(13,590)
Total other comprehensive income for the year	-	-	-	-	215,180	1,613,192	1,828,372
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	-	215,180	1,613,192	1,828,372
Charity donations approved for 2013	-	-	-	-	-	(15,000)	(15,000)
Transactions with shareholders reflected directly in equity							
Dividend declared for 2013	-	-	-	-	-	(985,090)	(985,090)
Treasury Shares sold during the year*	-	972,295	-	-	-	-	972,295
Profit on sale of treasury shares*						352,796	352,796
At 31 December 2014	7,200,000	-	3,600,000	12,758,242	3,715,903	6,440,150	33,714,295

- During the year, the Company sold 6,327,365 treasury shares, resulting in profit of BD 352,796

STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

Bahraini dinars

	2015	2014
OPERATING ACTIVITIES		
Cash received from customers	6,987,843	6,622,905
Rent received	119,452	128,242
Payments to suppliers	(1,422,637)	(1,536,226)
Payments for staff salaries and related costs	(2,217,149)	(2,396,909)
Payments for other overhead expenses	(1,857,589)	(1,505,470)
Payments for hotel renovation and new hotel project	(970,011)	(1,398,800)
Net cash generated from/(used in) operating activities	**639,909**	(86,258)
INVESTING ACTIVITIES		
Interest received	80,710	73,551
Dividends received	1,280,907	1,065,207
Other receipts	9,588	12,776
Proceeds on redemption of available-for-sale investments	-	41,192
Payments for acquisition of property and equipments	(243,235)	(28,433)
Net cash generated from investing activities	**1,127,970**	1,164,293
FINANCING ACTIVITIES		
Dividends paid	(892,775)	(924,627)
Charity paid	(2,500)	(2,500)
Proceeds on sale of treasury shares	-	1,325,091
Net cash(used in)/generated from financing activities	**(895,275)**	397,964
Net increase in cash and cash equivalents	**872,604**	1,475,999
CASH AND CASH EQUIVALENTS AT 1 January	6,978,432	5,502,433
CASH AND CASH EQUIVALENTS at 31 December	**7,851,036**	6,978,432
CASH AND CASH EQUIVALENTS per statement of financial position:		
Cash and bank balances	1,204,820	1,208,523
Short-term bank deposits	6,646,216	5,769,909
	7,851,036	6,978,432

1 REPORTING ENTITY

Bahrain Tourism Company BSC ("the Company") was established pursuant to Amiri Decree 2/1/1974 for the purpose of building and investing in hotels and other tourism projects.

The Company's major activity is the Crowne Plaza Bahrain Hotel, although investments in property, shares, managed funds and deposits and other activities now contribute significantly to profits.

The Hotel is managed by Holiday Inns (Manama) Ltd under a licence from Intercontinental Hotels Group ("IHG") and a management agreement (refer note 3 (v)).

The Company is a subsidiary of the Social Insurance Organisation, which was formed by the merger of the "assets and liabilities" of General Organization for Social Insurance ("GOSI") and Pension Fund Commission ("PFC"), which were major shareholders (holding more than 5% of the outstanding shares) of the Company prior to the merger.

During the year the Company received two non-binding offers; one to take over 100% of the shares through a share swap; and the other for a merger with another company. The Company is evaluating both options.

Shareholders

(i) The Company has only one class of equity shares and the holders of these shares have equal voting rights.

(ii) Names and nationalities of the major shareholders and the number of equity shares held in which they have an interest of 5% or more of outstanding are as follows:

Sr. No.	Name	Nationality	No. of shares	Holding %
1)	Social Insurance Organisation	Bahrain	37,077,310	51.50%
2)	Yousif Abdulla Amin	Bahrain	5,397,302	7.50%
3)	Farooq Yusuf Khalil Almoayyed	Bahrain	3,849,289	5.35%

(iii) Distribution schedule of equity shares is as follows:

Categories	No. of shares	No. of shareholders	% of total Outstanding shares
Less than 1%	15,468,979	3,369	21.48%
1% up to less than 5%	10,207,120	7	14.18%
5% up to less than 10%	9,246,591	2	12.84%
10% up to less than 20%	-	-	-
20% up to less than 50%	-	-	-
50% and above	37,077,310	1	51.50%
	72,000,000	**3,379**	**100.00**

99.23% of the shares are held by Bahraini individuals and legal entities incorporated in the Kingdom of Bahrain and 0.77% by other nationalities.

2 BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Bahrain Commercial Companies Law 2001.

b) Basis of measurement

The financial statements have been drawn up from the accounting records of the Company under the historical cost convention, except for available for sale investments which are stated at fair value.

The Company classifies its expenses using the nature of expense method. The Company has two distinct operations, Hotel and Investments. Hotel operations costs include directly related costs and depreciation. All investment decisions are taken by the Investment committee of the Board of Directors and no separate fees are paid for their services. General and administrative expenses pertain to common costs incurred at the holding company for management of the Company.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

c) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Bahraini Dinars, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest Bahraini Dinar, except where otherwise indicated.

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant areas where management has used estimates, assumptions or exercised judgments are as follows:

Judgments

Classification of investments

Upon acquisition of an investment, management decides whether it should be classified as investments carried at fair value through profit and loss, investments at amortised cost, held to maturity or available for sale.

Estimates

Fair value of financial instruments that are not quoted in an active market

The fair value of investments in managed funds is estimated at net asset values provided by the investment managers.

Impairment of receivables

The Company reviews the carrying amounts of the receivables at each reporting date to determine whether the receivables are impaired. Specific evaluation is made for each receivable balance and the recoverable amount is estimated based on past experience with each customer and estimated cash flows.

Impairment of available-for-sale investments
The Company determines that available-for-sale equity securities and managed funds at fair value are impaired when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged requires judgment. Where fair values are not available, the recoverable amount of such investment is estimated to determine impairment. In making this judgement, the management evaluates among other factors, evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

A decline of 20% or more below cost, is deemed a significant decline, irrespective of the duration. Prolonged decline represents decline below cost that last for more than 9 months irrespective of the amount.

Useful life and residual value of investment property, property and equipment
The Company reviews the useful life and residual value of the investment property, property and equipment at each reporting date to determine whether an adjustment to the useful life and residual value is required. The useful life and residual value is estimated based on the similar assets of the industry, and future economic benefit expectations of the management.

3 SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the accounting policies as set out below to all periods presented in the financial statements.

a) New standards, amendments and interpretations effective from 1 January 2015

The following standards, amendments and interpretations, which became effective as of 1 January 2015, are relevant to the Company.

(i) Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to define benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees periods of service using the project unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees periods of service.

The adoption of this amendment had no significant impact on the financial statements.

(ii) Annual Improvements to IFRSs 2010–2012 and 2011–2013 Cycles various standards

The annual improvements to IFRSs to 2010-2012 and 2011 -2013 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 July 2014; earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.

The adoption of these amendments had no significant impact on the financial statements.

b) Revenue recognition

3 Significant accounting policies (continued)

(i) Hotel revenue
Revenue from room letting is accrued on a daily basis for the period of stay of the guests in the hotel. Revenue from food outlets is recognised on delivery of the food and beverage to the customer.

Revenue from membership of recreational facilities is recognised on a straight line basis over the period of the membership contract. Membership fees paid in advance is recognised as liability and released to profit or loss over the period of membership.

(ii) Property income
Property income comprises rent arising from the letting out of investment properties, which is recognized on accrual basis, net of expenses incurred on maintenance of the properties and depreciation. Rental income is recognised on a straight line basis over the term of the lease.

(iii) Dividend income
Dividend income is recognised when the right to receive is established.

Interest income
Interest income is recognised as it accrues, using the effective interest rate method.

c) Government levy
The Hotel pays a Government levy calculated at 5 percent of the Hotel's total revenue (net of foreign exchange gains) and is payable quarterly in arrears to the Government.

d) Trade receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

e) Inventories
Inventories are stated at lower of cost and net realisable values with due allowance being made for damaged and deteriorated items. Cost is determined on a weighted average basis and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

f) Foreign currency
Monetary assets and liabilities are translated into Bahraini Dinars at year end exchange rates. Transactions in foreign currencies during the year are converted at the rate ruling at that time. Foreign exchange gains and losses are recognized in profit or loss. Translation differences for non-monetary items, such as equities classified as available-for-sale investments, are included in the fair value reserve in equity.

g) Available-for-sale Investments

Classification
Available-for-sale investments are non-derivative investments that are designated as available-for-sale or that are not classified as another category of financial assets. Available-for-sale investments comprise investments in certain quoted and unquoted equity securities, and managed funds.

Recognition and Measurement
Available-for-sale investments are initially recognised at fair value, including transaction costs and subsequently re-measured to fair value using the closing bid prices at the reporting date. Unrealised gains and losses arising from changes in the fair values of Available-for-sale investments are recognised in other comprehensive income. In the event of sale, disposal, collection or impairment, the cumulative gains and losses recognised previously in other comprehensive income are transferred to profit or loss. Purchases and sales of Available-for-sale investments are accounted for on the trade date. Available-for-sale investments where there is no quoted market price or other appropriate methods from which to derive reliable fair values, are carried at cost less impairment.

Fair Value
The fair value of quoted equity securities classified as available-for-sale investments is their quoted bid price at the reporting date. Investments in managed funds are valued at net asset values provided by the investment manager.

Impairment
The Company assesses at each reporting date whether there is objective evidence that a financial asset is impaired. In the case of equity Investment classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment. If such evidence exists, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that security previously recognised in equity is removed and recognised in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity investment is recognised in other comprehensive income.

h) Property and equipment
Property and equipment held for operational purposes are carried at cost less accumulated depreciation and any accumulated impairment losses. The cost of the properties and equipments includes the cost of bringing them to their present location and condition. Direct costs are capitalized until properties and equipments are ready for use. Capital work-in-progress comprises the cost of properties and equipments that are not yet ready for their intended use on the reporting date. The cost of additions and major improvements are capitalised.

(i) Subsequent cost
The Company recognises in the carrying amount of an item of property and equipment, and the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as the expense is incurred.

(ii) Depreciation
Land is not depreciated. Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment as follows:

Hotel and conference centre buildings	20- 40 years
Hotel and conference centre furnishings and equipment	2 - 10 years
Vehicles	5 years
Office equipment and furniture	5 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. When an item of property and equipment is sold or discarded, the respective cost and accumulated depreciation relating thereto are eliminated from the statement of financial position, the resulting gain or loss being recognized in profit or loss.

i) Investment in associate company
An associate company is an entity in which the Company holds, directly or indirectly, more than 20% of the voting power or exercises significant influence, but not control, over the financial and operating policies. The investment is initially recognised at cost and the carrying amount is increased or decreased

to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment. When the Company's share of losses exceeds its interest in an associate, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of an associate.

j) Investment property
Investment property are properties which are held either to earn rental income or for capital appreciation or for both but not for the sale in the ordinary course of business, use in the supply of services or administrative purposes. Investment properties are stated at cost less accumulated depreciation of the buildings and impairment losses, if any. Depreciation is provided on cost by straight-line method over the estimated useful lives of the buildings. Land is not depreciated.

3 Significant accounting policies (continued)

k) Treasury shares

When share capital of the Company is repurchased, the amount of consideration paid is recognized as a change in equity. Repurchased shares classified as treasury shares are carried at cost and are presented as a deduction from equity.

l) Dividends

Dividends are recognised as a liability in the period in which they are declared.

m) Statutory reserve

In accordance with the Bahrain Commercial Companies Law 2001, 10% of the net profit is appropriated to a statutory reserve, until it reaches 50% of the paid-up share capital. This reserve is distributable only in accordance with the provisions of the law.

n) Capital and development reserves

In accordance with the recommendations of the Board of Directors and approved by the shareholders, specific amounts were transferred to the capital and development reserves. The development reserve was set up to fund capital expenditure and is not intended for distribution.

o) De-recognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

p) Charity donations

Donation for charity is recognised as a liability in the period in which it is approved.

q) Impairment

The carrying amounts of the Company's assets (refer note 3g for impairment of available for sale investments) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. All impairment losses are recognized in profit or loss. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

r) Employee benefits

Bahraini employees

Pension rights (and other social benefits) for Bahraini employees are covered by the Social Insurance Organisation scheme to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Company's share of contributions to this funded scheme, which is a defined contribution scheme under IAS 19, is recognised as an expense in profit or loss.

Expatriate employees

Employees are entitled to leaving indemnities payable under the Bahraini Labour Law for the private sector, based on length of service and final salary. Provision for this, which is unfunded, and which represents a defined benefit plan under International Accounting Standard 19 – Employee Benefits has been made by calculating the notional liability had all employees left at the reporting date.

s) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and bank deposits maturing within 3 months when acquired and are subject to insignificant risk of changes in their fair value.

t) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

3 Significant accounting policies (continued)

u) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

v) Management fee

In accordance with the terms of the management agreement, 10% of the net profit of the Hotel operations is payable as management fee to IHG and 5% of Management fee is payable as Sponsorship fees to the owning Company.

4 TRADE RECEIVABLES

	2015	2014
Gross receivables	518,682	577,800
Impairment allowance	(90,083)	(72,257)
Net receivables	**428,599**	505,543

The movement on impairment allowance is follows:

	2015	2014
At 1 January	72,257	67,359
Charge for the year	17,826	4,898
At 31 December	**90,083**	72,257

5 INVENTORY

	2015	2014
Beverages	56,693	53,854
General stores and supplies	35,576	22,781
	92,269	76,635

6 AVAILABLE-FOR-SALE INVESTMENTS

	2015	2014
Equities		
Quoted at fair value	4,860,909	4,350,482
Unquoted at cost less impairment	235,800	310,800
	5,096,709	4,661,282
Managed funds		
At fair value	149,481	143,933
At cost	400	400
	149,881	144,333
	5,246,590	4,805,615

The Company intends to exit unquoted equity investments and managed funds principally by sale and exiting on maturity, respectively. An impairment of BD 69,592 (2014: BD Nil) on available-for-sale investments has been recognised during the year.

7 INVESTMENT IN ASSOCIATE COMPANY

a) Details of the Company's material associate at the end of the year is as follows:

Name of the entity	Place of business/country of incorporation	Proportion of ownership and voting power held by the Company	Principal activities
African & Eastern (Bahrain) WLL	Bahrain	33.33%	Import and sale of merchandise

The above associate is accounted for using the equity method in these financial statements.

	Carrying value	Goodwill	2015 Total	2014 Total
At 1 January	5,968,798	373,664	6,342,462	5,867,308
Movement during the year:				
Profit for the year	1,635,550	-	1,635,550	1,305,930
Share in the movement of investments fair value reserve of associate	17,077	-	17,077	(17,184)
Transfer to income statement from investment fair value reserve of associate	-	-	-	(13,590)
Dividend received	(1,000,000)	-	(1,000,000)	(800,000)
At 31 December	**6,621,425**	**373,664**	**6,995,089**	6,342,464

In applying the equity method, the audited financial statements as of 31 December 2015 have been used.

b) The following table summarizes the financial information of African & Eastern (Bahrain) WLL not adjusted to the group's share.. The table also reconciles the summarized financial information to the carrying amount of the Company's interest in the associate.

African & Eastern (Bahrain) WLL	**2015**	2014
Total current assets	6,092,472	5,650,947
Total non-current assets	14,792,808	13,188,253
Total current liabilities	(848,618)	(761,177)
Total non-current liabilities	(172,180)	(171,462)
Net Assets (100%)	**19,864,482**	17,906,561
Company's share of net assets	6,621,423	5,968,798
Goodwill	373,666	373,666
Carrying amount of interest in associate	**6,995,089**	6,342,464

7 INVESTMENT IN ASSOCIATE COMPANY (continued)

	2015	2014
Revenue	14,810,530	12,774,338
Profit for the year	4,906,709	3,917,823
Other comprehensive income	45,462	(93,101)
Total comprehensive income	**4,952,171**	3,824,722
Company's share of total comprehensive income (33.33%)	1,650,707	1,274,895
Dividend received by the Company	1,000,000	800,000

8 INVESTMENT PROPERTY

	Land	Buildings	**2015 Total**	2014 Total
Cost				
At beginning of year	494,515	1,811,731	2,306,246	2,306,246
Addition during the year	-	6,379	6,379	-
At 31 December	494,515	1,818,110	2,312,635	2,306,246
Depreciation				
At beginning of year	-	1,310,223	1,310,223	1,257,945
Charge for the year	-	52,438	52,438	52,278
At 31 December	-	1,362,661	1,362,661	1,310,223
Net carrying value at 31 December	**494,515**	**455,449**	**949,964**	996,023

The fair value of the investment property as at 31 December 2015 is BD 2,435,875 (2014: BD 2,435,875), based on a valuation performed by an independent property valuer.

9 PROPERTY AND EQUIPMENT

	Land	Capital projects in progress	Buildings	Furniture, fixtures, fittings and Equipment	**2015 Total**	2014 Total
Cost						
At 1 January	991,060	1,688,883	29,573,607	5,127,773	37,381,323	36,597,464
Additions	-	991,470	21,740	169,331	1,182,541	3,272,808
Transfer from CWIP	-	(16,579)	16,579	-	-	(2,488,949)
Disposals	-	-	-	(598)	(598)	-
At 31 December	991,060	2,663,774	29,611,926	5,296,506	38,563,266	37,381,323
Depreciation						
At 1 January	-	-	17,444,435	3,875,969	21,320,404	20,126,130
Charge for the year	-	-	1,048,342	266,094	1,314,436	1,193,881
Charged to operating cost	-	-	-	1,458	1,458	393
Disposals	-	-	-	(598)	(598)	-
At 31 December	-	-	18,492,777	4,142,923	22,635,700	21,320,404
Net carrying value 31 December	**991,060**	**2,663,774**	**11,119,149**	**1,153,583**	**15,927,566**	16,060,919

9 PROPERTY AND EQUIPMENT (continued)

Fully depreciated assets held by the Company amount to BD 4,159,552.

The Crowne Plaza hotel building (freehold) is situated at Diplomatic Area and is used for the Hotel operations of the Company. The building is 39 years old. The Bahrain Conference Centre building (freehold) is situated at Diplomatic Area and is used to host corporate seminars and conferences. The building is 21 years old.

The fair value of the land and buildings as at 31 December 2015 is BD 28,371,536 (2014: BD 28,371,536), based on a valuation performed by an independent property valuer.

Capital work in progress comprises mainly design legal and consultancy costs incurred for the new hotel building.

10 ACCRUED EXPENSES AND OTHER PAYABLES

	2015	2014
Provision for leave salary	89,695	80,082
Provision for charity	71,889	59,389
Accrued expenses	447,263	494,675
Guest deposit	66,589	31,155
Deferred income	24,936	23,111
Other payables	138,436	146,498
	838,808	834,910

11 PROVISION FOR EMPLOYEES LEAVING INDEMNITY

The Company's contributions to social insurance organisation in respect of Bahraini employees for 2015 amounted to BD 54,380 (2014: BD 57,495).

The provision for indemnities was as follows:

Provision for indemnities	**2015**	2014
Provision at beginning of year	533,586	441,321
Charge during the year	140,317	118,603
Reversal during the year	(122,536)	-
Indemnities paid during the year	(43,365)	(26,338)
At 31 December	**508,002**	533,586

12 SHARE CAPITAL

	Number	**2015 Value**	2014 Value
Authorised shares of 100 fils each	*150,000,000*	15,000,000	15,000,000
Issued and fully paid up shares of 100 fils	*72,000,000*	7,200,000	7,200,000
In public issue at 31 December	72,000,000	7,200,000	7,200,000

12 SHARE CAPITAL (continued)

There have been no changes to issued and paid up share capital during the year.

Share statistics	**2015**	2014
Dividend per 100 fils share	17.0 fils	12.0 fils
Earnings per 100 fils share (basic and diluted)	30.6 fils	23.8 fils
Stock Exchange price per share on 31 December	224 fils	220 fils
Net asset value per share (on weighted average number of shares)	492.44	496.97
Market capitalisation (excluding treasury shares) at 31 December	16,128,000	14,924,699

Earnings per share have been calculated on the basis of the net profit for the year (page 4) divided by the weighted average number of shares in issue during the year of 72,000,000 (2014: 67,839,541).

13 APPROPRIATIONS

The Board of Directors recommend the following appropriations, which are subject to the shareholders' approval at the annual general meeting:

	2015	2014
Dividends	1,224,000	864,000
Charity donations	15,000	15,000

14 HOTEL REVENUE	**2015**	2014
Room	3,003,366	2,860,363
Food and beverage	3,246,775	3,170,983
Rental, telephone and others	695,902	631,132
	6,946,043	6,662,478

15 HOTEL OPERATING COSTS	**2015**	2014
Staff salaries	2,161,377	2,039,173
Direct costs of hotel services	2,256,488	2,031,407
Utilities and maintenance expense	169,623	171,253
Electricity expenses	274,310	194,036
Advertising and marketing expenses	60,067	184,485
Management fees	202,019	192,080
Travel and entertainment expenses	24,084	31,999
Other expenses	34,903	89,321
	5,182,871	4,933,754

16 GENERAL & ADMINISTRATIVE EXPENSES

	2015	2014
Staff cost	28,504	443,616
Directors remuneration	64,000	64,000
Professional fee	35,352	34,722
Share registration fee	10,360	10,360
Insurance	44,010	43,353
Other expenses	86,129	53,878
	268,355	649,929

Staff cost is net of reversal of indemnity and bonus provisions.

17 NET PROPERTY INCOME

	2015	2014
Rental income	149,022	152,471
Property expenses	(64,871)	(23,890)
Depreciation on investment property	(52,438)	(52,279)
	31,713	76,302

18 COMMITMENTS AND CONTINGENT LIABILITIES

	2015	2014
Letter of guarantee	201,352	206,352

As at 31 December 2015, the Company had commitments of BD 1,178,830 (2014: BD 1,673,608) related to the new hotel project and BD 126,950 (2014: BD 73,000) for Hotel Renovation projects

19 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Company exercises significant influence, major shareholders, directors and key management personnel of the Company.

Transactions with entities controlled by directors, or over which they exert significant influence. There were no capital expenditure payments during the year for hotel projects made to director-controlled entities where the directors were interested

a) Transactions and balances with and from related parties

	2015	2014
Social insurance contributions to the parent company	54,380	57,495
Purchases of merchandise from an associate company	107,781	110,195

19 RELATED PARTY TRANSACTIONS (continued)

	2015	2014
Payable to associate company	15,324	14,212

b) Transactions with key management personnel

Key management personnel of the Company comprises of the Board of Directors, the Chief Executive Officer and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:

	2015	2014
Directors' remuneration	**64,000**	64,000
Directors Meeting Attendance Fees	**31,500**	15,000
Salary and other allowances to key management personnel	**54,272**	457,578
Other receivables	**13,290**	16,131

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

	2015	2014
Total number of shares held by Directors	**316,150**	416,150
As a percentage of the total number of shares outstanding	**0.44%**	0.58%

20 SEGMENT INFORMATION

The Company has three distinct operating segments, Hotel, Investments and Travel, which are the Company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different strategies for management and resource allocation within the Company. For each of the strategic business units, the Company's Chief Executive Officer (chief operating decision makers) reviews internal management reports.

The following summary describes the operations in each of the Company's operating reportable segments:

- **Hotel:** Provision of hotel facilities and other services to individual and corporate customers;
- **Investments:** This segment is focused on investing the surplus funds of the Company in investments in equity shares, mutual funds, and associates and monitoring the performance of the portfolio on a timely basis. The investments are not traded, but held as available for sale securities.
- **Travel:** The Company also has a travel division which provides ticketing and travel agency services to customers.

Information regarding the results of each reportable segment is included below. The performance of each operating segment is measured based on segment profits. Segment profits is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. There are no significant inter segment transactions. Segment assets, liabilities and related income/costs are directly related to the respective segment. There are no funds allocated between segments.

20 Segment information (continued)

The Company operates in Bahrain and does not have operating units in other locations and hence all revenues generated are attributable to its activities from Bahrain.

	Hotel Operations		Investments		Travel		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Income	6,946,043	6,662,478	444,864	377,621	52,926	72,299	7,443,833	7,112,398
Income from Associate	-	-	1,635,550	1,305,930		-	1,635,550	1,305,930
Interest income	-	-	81,094	76,276		-	81,094	76,276
Total segment revenue	**6,946,043**	6,662,478	**2,161,508**	1,812,106	**52,926**	72,299	**9,160,477**	8,494,604
Operating costs	(5,182,871)	(4,933,754)	(403,990)	(673,820)	(52,769)	(79,957)	(5,639,630)	(5,687,531)
Depreciation	(1,314,437)	(1,193,881)	-	-	-	-	(1,314,437)	(1,193,881)
Impairment of assets		-	(69,592)	-	-	-	(69,592)	-
Total segment costs	**(6,497,308)**	(6,127,635)	**(473,582)**	(726,098)	**(52,769)**	(79,957)	**(7,023,659)**	(6,881,412)
Segment profit/(loss)	**448,735**	534,843	**1,687,926**	1,086,008	**157**	(7,659)	**2,136,818**	1,613,192
Segment assets	16,691,211	16,852,453	20,942,294	18,980,358	59,012	89,819	37,692,517	35,922,385
Segment liabilities	(1,027,511)	(961,828)	(1,105,708)	(1,155,978)	(59,482)	(90,295)	(2,192,701)	(2,208,091)
Capital expenditure	(1,182,542)	(783,859)	-	-	-	-	(1,182,542)	(783,859)

The total assets of investments segment include BD 6,995,089 (2014: BD 6,342,464) investment in associate company.

Geographical distribution of revenue and assets

All assets and liabilities of the Company are located in Bahrain except for investments in managed funds which are located outside Bahrain.

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Company include cash and bank balances, deposits, receivables and available for sale investments.

Financial liabilities of the Company include payables.

The Company has exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks. Further quantitative disclosures are included throughout these financial statements.

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Day to day monitoring of the Company's activities and risks is performed by the Board Committees and the Chief Executive Officer.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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.

The Company seeks to limit its credit risk with respect to customers by means of the following policies:

- Credit risk is actively managed and rigorously monitored in accordance with well-defined credit policies and procedures laid down by the Company.
- Credit review procedures are designed to identify at an early stage exposure, which require more detailed monitoring and review.
- Cash is placed with banks with good credit ratings.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2015	2014
Bank balances	1,194,841	1,198,428
Short-term bank deposits	6,646,216	5,769,909
Trade receivables	428,599	505,543
Other receivables	58,348	38,402
	8,348,108	**7,512,282**

The maximum exposure to credit risk from receivables at the reporting date by segment was:

	2015	2014
Government	84,122	145,635
Non-government	344,477	359,908
	428,599	505,543

The Company does not hold any collateral against the above receivables.

The ageing of receivables at the reporting date was:

	2015		2014	
	Gross	**Impairment**	Gross	Impairment
0-30 days	194,683	-	262,983	-
31-90 days	158,782	-	134,367	-
91-365 days	93,355	-	59,342	-
Over one year	71,862	90,083	121,108	72,257
	518,682	**90,083**	577,800	72,257

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

	2015	2014
Neither past due nor impaired	194,683	262,983
Past due but not impaired	233,916	242,560
Past due and impaired	90,083	72,257
	518,682	577,800

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

Liquidity requirements are monitored on a daily basis and the management ensures that sufficient funds are available to meet any future commitments. In the normal course of business, the Company does not resort to borrowings but has the ability to raise funds from banks at short notice.

The following are the contractual maturities of financial liabilities:

31 December 2015	**Carrying value**	**0-3 months**	**4-6 months**	**7-12 months**	**1-5 yrs**	**over 5 yrs**
Trade payables	445,849	445,849	-	-	-	-
Other payables	585,701	581,744	3,138	819	-	-
Dividend payable	400,042	400,042	-	-	-	-
	1,431,592	**1,427,635**	**3,138**	**819**	-	-

31 December 2014	Carrying value	0-3 months	4-6 months	7-12 months	1-5 yrs	over 5 yrs
Trade payables	410,777	410,777	-	-	-	-
Other payables	641,173	639,268	1,905	-	-	-
Dividend payable	428,817	428,817	-	-	-	-
	1,480,767	1478,862	1,905	-	-	-

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

The Company is exposed to foreign exchange risk on its available for sale investments, other than those in Bahraini Dinar or US Dollars, since the Bahraini Dinar is effectively pegged against the US Dollar. Included in available-for-sale investments are sterling investments of £ 26,160 (BD 14,626) (2014:£ 10,640 (BD 6,247)).

Change in market foreign exchange rates will not have a significant impact on the carrying value of the investments.

Market risk is the risk that that changes in market prices will affect the Company's income or the value of its financial instruments; whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all investments traded in the market.

The Company is exposed to market risk with respect to its available-for-sale investments.

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risks on its short-term bank deposits.

The Company's interest rate risk arises from its interest bearing short-term bank deposits. These carry a fixed rate of interest and mature within 3 months. Change in market interest rate will not have a significant impact on the carrying value of the deposits due to short term characteristics of these deposits.

	2015	2014
Effective interest rate on short-term bank deposits	1.24%	1.47%

A 100 bps fluctuation in the interest rates would result in a BD 66,460 (2014: BD 57,670) variation in profit.

Fair value and classification of financial instruments

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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Other than certain available-for-sale investments carried at cost of BD 311,200 (2014: BD 314,532), the estimated fair values of the Company's other financial instruments are not significantly different from their carrying value.

i) The classification of financial instruments is as follows:

2015	**Loans and receivables**	**Available for sale**	**Others at amortised cost**	**Total carrying amount**
Cash and bank balances	1,204,820	-	-	1,204,820
Short-term bank deposits	6,646,216	-	-	6,646,216
Trade receivables	428,599	-	-	428,599
Available-for-sale investments	-	5,246,590	-	5,246,590
Other receivables	58,348	-	-	58,348
	8,337,983	**5,246,590**	-	**13,584,573**
Trade payables	-	-	445,849	445,849
Other payables	-	-	585,701	585,701
Dividend payable	-	-	400,042	400,042
	-	-	**1,431,592**	**1,431,592**

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

2014	Loans and receivables	Available for sale	Others at amortised cost	Total carrying amount
Cash and bank balances	1,208,523	-	-	1,208,523
Short-term bank deposits	5,769,909	-	-	5,769,909
Trade receivables	505,543	-	-	505,543
Available-for-sale investments	-	4,805,615	-	4,805,615
Other receivables	38,402	-	-	38,402
	7,522,377	4,805,615	-	12,327,992
Trade payables	-	-	410,777	410,777
Other payables	-	-	641,173	641,173
Dividend payable	-	-	428,817	428,817
	-	-	1,480,767	1,480,767

ii) Fair value hierarchy

a) Financial instruments measured at fair value:

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments where the valuation technique includes inputs not based on market observable data. The table below analyses financial assets and liabilities carried at fair value, by valuation method.

At 31 December 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Available for sale investments:				
Quoted equity shares	4,860,909	-	-	4,860,909
Managed funds	-	149,881	-	149,881
	4,860,909	149,881	-	5,010,790

At 31 December 2014	Level 1	Level 2	Level 3	Total
Available for sale investments:				
Quoted equity shares	4,350,482	-	-	4,350,482
Managed funds	-	143,933	-	143,933
	4,350,482	143,933	-	4,494,415

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Other financial assets and liabilities:

The carrying amount of the Company's other financial assets and liabilities approximate their fair values due to their short term nature.

c) Assets not measured at fair value but where fair value is disclosed

At 31 December 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment properties	-	2,435,875	-	2,435,875
	-	2,435,875	-	2,435,875

At 31 December 2014	Level 1	Level 2	Level 3	Total
Investment properties	-	2,435,875	-	2,435,875
	-	2,435,875	-	2,435,875

The fair value of the investment properties has been valued by an independent third party property valuer. The independent valuer has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on market comparable approach that reflects recent transaction prices for similar properties. There has been no change to the valuation approach from last year.

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as total shareholders' equity and the level of dividends to shareholders.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. Refer note 1 for details of share capital.

22 NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2014, and have not been applied in preparing these financial statements. Those which are relevant to the company are set out below. The company doesn't plan to early adopt these standards.

(i) IFRS 9 Financial Instruments
IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

22 NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

(ii) IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

(iii) Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibits entities from using a revenue based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted if the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. The above amendments does not have any material impact on the financial statements of the Company.

(iv) Annual improvements to IFRSs 2010-2012 cycle and 2011-2013 cycle

The annual improvements to IFRSs to 2012-2014 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 January 2016; earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.

The Company is assessing the potential impact on its financial statements resulting from the application.

Early adoption of standards

The Company did not early-adopt new or amended standards in 2015.

23 COMPARATIVES

Certain prior year amounts have been regrouped to conform to the presentation in the current year. Such regroupings did not affect previously reported net profit for the year, comprehensive income for the year or total equity.