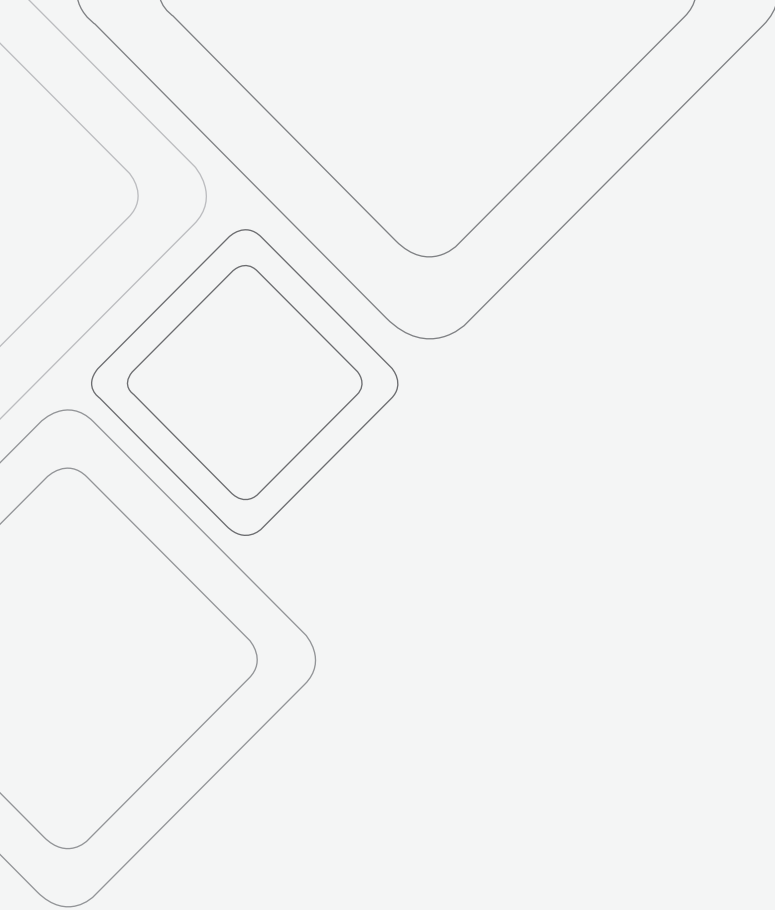


بورصة البحرين
BAHRAIN BOURSE



Annual Report
2013



Bahrain Bourse

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**H.H. Prince Khalifa
bin Salman Al Khalifa**

The Prime Minister of the
Kingdom of Bahrain



**H.M. King Hamad
bin Isa Al Khalifa**

The King of the
Kingdom of Bahrain



**H.H. Prince Salman
bin Hamad Al Khalifa**

The Crown Prince, Deputy Supreme
Commander, and First Deputy Prime Minister

The image shows a large, curved digital display in a modern building, likely a stock exchange or financial center. The display is divided into multiple sections, each showing different types of financial data. The data is presented in a structured, tabular format with various columns and rows. The colors used for the data are primarily blue and red, which are common in financial markets to indicate different types of transactions or market movements. The display is set against a dark background, and the architecture of the building is visible, featuring a curved ceiling and large windows.

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Vision & Mission

Vision

Become the leading bourse regionally with a fair, transparent, diversified and efficient market. Providing unique services to all stakeholders and customers & attracting investments, thus contributing to the national economy of the Kingdom of Bahrain.

Mission

To contribute to the national economy by offering a dedicated, reliable & efficient capital markets platform, while acting as the intellectual and business hub for all capital market participants.

Chairman's Statement



Bahrain Bourse (BHB) concentrated its efforts throughout 2013 on continuing the implementation of its strategy. The strategy aims to develop various aspects of work in a way that will enable it to achieve its main objectives and effectively support the economy of the Kingdom of Bahrain, under the wise leadership of His Majesty King Hamad Bin Isa Al Khalifa.

In line with this vision, Bahrain Bourse continued its achievements in various aspects including legal, administrative and technical aspects of the strategic plan. BHB also focused on spreading investment awareness and strengthening cooperation with related local and international institutions.

On the administrative front, BHB's organizational restructure was completed in a way that will enhance the efficiency of operations in the various departments and goes in line with the current and future strategies of the Bourse. On legal aspects, the Bourse finalized the "Market Rule" as well as the new rules for Small and Medium Enterprises (SMEs), and submitted them to the Central Bank of Bahrain for approval in order to proceed with their implementation.

Technically, BHB signed a contract with Nasdaq OMX this year to replace the current trading system "Horizon" with "X-Stream", which is one of the most sophisticated

trading systems worldwide. In addition, Bahrain Bourse launched an online trading incentive program. The Bourse also extended its trading session by half an hour, making the trading session last for three hours and a half instead of three hours. We hope that these projects will attract and encourage retail investors in Bahrain and abroad to trade at BHB, and motivate SMEs to list.

In line with the Bourse's efforts to spread investment awareness, BHB launched an investment challenge program "TradeQuest for Universities" for the first time. The program will be conducted for university students on an annual basis. Furthermore, the Bourse organized a number of workshops and lectures that aim at raising awareness of concepts and practices related to the capital markets sector such as investor relations and corporate governance.

As part of the Bourse's strategic vision to cooperate with GCC stock markets in particular and international stock markets in general, BHB signed a Memorandum of Understanding (MOU) with the Saudi Stock Exchange "Tadawul"; a move that will enable both parties to benefit from accumulated experience and expand the areas of cooperation between them.

Looking into Bahrain Bourse's financial performance in 2013, Bahrain Bourse reported a net profit of BD671,889 in 2013 compared to BD1,503,407 in 2012, while the total revenue decreased from BD4,748,967 in 2012 to BD4,169,493 in 2013. Shareholders' equity increased from BD7,337,135 as of 31st December 2012 to BD8,427,535 as of 31st December 2013. In 2013, the government's grant was lower than the grant received in 2012.

On behalf of myself and Bahrain Bourse's Board of Directors and staff, I would like to express my thanks and gratitude to His Majesty King Hamad bin Isa bin Salman Al Khalifa, King of the Kingdom of Bahrain and His Royal Highness Prince Khalifa bin Salman Al Khalifa, the Prime Minister, and His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince, Deputy Supreme Commander and First Deputy Prime Minister of the Kingdom of Bahrain for their guidance and continuous support to Bahrain Bourse, as well as their efforts to support the prosperity of the country in various areas.

I would also like to thank H.E. Shaikh Ahmed bin Mohammed Al Khalifa, the Minister of Finance for his continued support to the Bourse.

I extend my appreciation to Bahrain Bourse's Board Members for their efforts and valuable recommendations that highly contributed to the development of the Bourse. I also thank the Bourse's executive management, directors, and staff for their hard work during the year, hoping that such efforts will continue for further development and prosperity for the Bourse.

Yousuf Abdulla Humood
Chairman of the Board

CEO's Message



All GCC financial markets reported positive performance during 2013 which was reflected on the growth of the main indices and the value of shares traded in these markets. Bahrain Bourse was not an exception as 2013 trading statistics showed noticeable growth rates compared to the year 2012 which was a clear indication of the trading activity witnessed on the Bourse during this year. The Bahrain All index increased by 17.2% by the end of 2013 compared to its closing in 2012. The value of shares traded increased by 104.88% compared to its value in 2012, the volume of shares traded rose by 197.55%, and the number of transactions increased by 40%.

On the achievements front, efforts continued to achieve the goals of the strategic plan of Bahrain Bourse that aims at developing various aspects of the work, making investments in the capital market in the Kingdom of Bahrain more attractive, and also shed light more clearly on the opportunities available in this sector and the facilities and incentives provided by the Bourse to various related parties.

On the legal achievements front, the Bourse finalized the Market Rulebook "Market Rules" as well as the SME Rules, in which the Bourse intends to open a new market for listing and trading of SMEs. Both rulebooks were submitted to the Central Bank of Bahrain for approval. The Market Rulebook presents the basic legal, administrative and technical requirements that brokers' offices must have along with the legal and technical aspects of the trading system and the markets it serves.

With regards to the technical achievements, the Bourse signed an agreement in 2013 with NASDAQ OMX to replace the current trading platform from Horizon to X-stream,

which is one of the most sophisticated trading systems used by many leading international stock markets.

Along with the Bourse's efforts to stimulate trading and attract new investors, the Bourse launched an online trading incentive program (OTIP) which includes a package of incentives for brokers and investors in order to encourage them to benefit from the program and the services it provides. One of the advantages of the program is that it reduces the percentage of commission on online transactions to benefit the investor resulting in a reduction of the cost of the transaction and higher investment returns.

During this year, the trading session was extended by half an hour making the trading period last for three hours and a half, from 9.30 AM until 1 PM. This is to allow more time for investors to trade at the Bourse and benefit from the opportunities available in the market.

In support of its belief on the importance of cooperation and exchange of experience with relevant parties, Bahrain Bourse signed a Memorandum of Understanding (MOU) with the Saudi Stock market "Tadawul" aimed at strengthening ties between the two markets in all possible aspects that will develop both markets and support their capability to attract more investments and provide more investment tools for investors.

In recognition of its efforts in the field of corporate governance, the Bourse won the award of Corporate Governance – GCC 2013 by Capital Finance International (CFI) in appreciation of its efforts in implementing the corporate governance principles issued by the Ministry of Commerce & Industry and the Central Bank of Bahrain.

In terms of listing, Bahrain Bourse listed a Government Development Sukuk issue of BD100 million, as well as a Government Development Bonds issue of BD150 million. In addition, a US\$9.9 million mutual fund was also listed on the Bourse.

With regards to the this year's financial performance, the Bourse's total income was BD4,169,493 compared to BD4,748,967 in 2012, while the total expenses were BD3,497,613 in 2013 compared to BD3,245,560 in 2012. The Bourse reported a profit of BD671,880 compared to BD1,503,407 in 2012. The total assets of the Bourse increased to BD9,397,052 compared to BD8,961,272 in 2012. The Bourse's total liabilities amounted to BD969,517 compared to BD1,205,617 in 2012. Shareholders' equity increased from BD7,755,655 in 2012 to BD8,427,535 in 2013. The Bourse achieved the results mentioned above even though the government's support received has been decreased in 2013.

On behalf of myself and Bahrain Bourse's employees, I would like to express my sincere thanks and gratitude to His Majesty King Hamad bin Isa Al Khalifa, and to His Royal Highness Prince Khalifa bin Salman Al Khalifa, Prime Minister, and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince, Deputy Supreme Commander and First Deputy Prime Minister of the Kingdom of Bahrain for their continued support for the Bourse and its members.

I would also like to express my thanks and appreciation to the Chairman and members of BHB's Board of Directors for their efforts to develop the Bourse. I also thank the Bourse's management and employees for their dedication and hard work, wishing them greater success in developing the Bourse and achieving its vision, mission, and objectives in the coming period. I would also like to extend my thanks to the listed companies and brokerage firms for their support and cooperation.

Fouad Abdulrahman Rashid

Bahrain Bourse CEO

Board of Directors

1. Mr. Yousuf Abdulla Humood
Chairman

2. Mrs. Afnan Rashid Al Zayani
Vice Chairman

3. Mr. Nabeel Khalid Kanoo*
Director

4. Ms. Nada Alawi Shubbar*
Director



5. Ms. Rana Ebrahim Faqih*

Director

6. Mr. Yaser Ebrahim Humaidan**

Director

7. Mr. Marwan Khalid Tabbara**

Director

8. Mr. Mohammed Ahmed Hassan**

Director



*Member of the Executive Committee

**Member of the Auditing Committee

Management Team



Fouad A. Rahman Rashid
Chief Executive Officer



**Sh. Khalifa Bin Ebrahim
Al Khalifa**
Deputy CEO/ Chief
Operating Officer



Ebrahim Jaffar Al Aradi
Director of Market
Control & Members
Affairs



Narjes Farookh Jamal
Director of Information
Technology



**Mohammed Khalid
Hamed**
Director of Internal Audit



Hamid Awad Hamid
Director of Legal Affairs
& Compliance



Ali Ahmed Al-Mansoor
Director of Corporate
Communication &
International Affairs



Abdulla Jaffar Abdin
Director of Central
Securities Depository



Suha Yousif Al Ghoozi
Director of HR &
Administration Affairs

Symbol

	Bid	Bid Volume
HH	0.000	
IMR\$	0.220	60.0
IB\$	0.000	Suspension
CFC	0.000	
EEF	0.136	
ASREC	1.800	
OLTRY	0.000	
MB	0.000	
ICO-C	0.000	

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World Stock Market Performance during 2013

The majority of global financial markets witnessed a growth in 2013, where the GDP of the global economy reached 3.9% during 2013 compared to 3.2% in 2012. Moreover, the world inflation rate reached 3.8% compared to 4.0% in 2012. Additionally, The US economy posted a 1.6% growth in 2013 compared to a 2.8% increase in 2012, with the Federal Reserve Bank maintaining an interest rate of 0.25%.

On the other hand, the economies of the European Union grew by 0.02% in 2013 compared to a decline of 0.3% in 2012, with Britain posting an increase of 1.4%. The Central Bank of England maintained an interest rate of 0.5% unchanged since March 2009, while the European Central Bank decreased its interest rate to 0.25% in November 2013.

The Real GDP Growth at Constant Prices %

Country	2013	2012
US	1.6	2.8
UK	1.4	0.2
Germany	0.5	0.9
France	0.2	0.01
Japan	2.0	2.0
China	7.6	7.7

In Asia, China posted an economic growth of 7.6% in 2013 compared to 7.7% in 2012. The Japanese economy maintained a GDP of 2.0% in 2013; with the Central Bank maintaining its interest rate at 0.1%. Furthermore, Middle East and North Africa (MENA) economy witnessed a growth of 2.1% in 2013 compared to 4.6% in 2012.

With regards to oil prices, Brent price decreased at the end of the year by US\$1.10 per barrel to close at US\$110.50 compared to US\$111.60 at the beginning of the year, posting an increase of 0.99%, while Oman's oil price increased by US\$2.72 per barrel, closing at US\$109.44, and posting an increase of 2.55% during the same period.

Regarding currency prices, the Euro increased by 4.18%, while the Sterling Pound increased by 1.88% against the U.S. Dollar compared to the beginning of the year.

Also, the Yen increased by 21.4% during the same period.

Concerning the price of metals, the price of gold decreased by 29.03% to reach US\$1,204.94 per ounce posting a US\$469.4 decrease per ounce in comparison to its price at the beginning of last year. The price of silver also decreased during the year by 35.96%.

On the financial markets front, the Nikkei Japanese index posted an increase of 56.72% followed by S&P500 index with a 29.60% increase. In the European Market, German DAX increased by 25.48%, the French CAC40 increased by 17.99% and the British FTSE100 posted an increase of 14.43%.

Market	2013	2012	Growth (%)
Japan (NIKKEI225)	16,291.31	10,395.18	56.27
US (S&P500)	1,848.36	1,426.19	29.60
Germany (DAX)	9,552.16	7,612.39	25.48
France (CAC40)	4,295.95	3,641.07	17.99
UK (FTSE100)	6,749.09	5,897.87	14.43
China (SHANGHAI)	2,115.98	2,269.13	(6.75)

The Arabian Market

The real GDP of Middle East and North Africa region, posted a growth of 2.1% in 2013 compared to 4.6% in 2012 according to the International Monetary Fund (IMF). With regards to the Arabian economies real GDP, Qatar and Morocco posted highest growth rates of 5.15% and 5.14% respectively.

The Real GDP Growth at Constant Prices (%)

Country	2013	2012
Iraq	3.66	8.43
Jordan	3.25	2.80
Morocco	5.14	2.70
Egypt	1.84	2.22
Lebanon	1.5	1.5
GCC Countries		
Qatar	5.15	6.24
Kuwait	0.82	6.19
Saudi Arabia	3.57	5.13
Oman	5.07	4.99
UAE	4.05	4.37
Bahrain	4.42	4.79

Arab Stock Markets Performance in 2013

Market Indices (Point)

Markets	2013	2012	Annual Performance (%)
Egypt	6,782.84	5,462.42	24.17
Jordan	2,065.83	1,957.60	5.53
Lebanon	1,149.85	1,169.07	(1.64)
Morocco	9,114.14	9,359.19	(2.62)
Iraq	113.15	125.02	(9.49)
GCC Countries			
Dubai	3,369.81	1,622.53	107.69
Abu Dhabi	4,290.30	2,630.86	63.07
Kuwait	7,549.52	5,934.28	27.22
Saudi Arabia	8,535.60	6,801.22	25.50
Qatar	10,379.59	8,358.94	24.17
Muscat	6,834.56	5,760.84	18.64
Bahrain	1,248.86	1,065.61	17.20

The performance of Arab financial markets varied, with Dubai and Abu Dhabi posting the highest growth of 107.69% and 63.07% respectively.

The Local Market

The GDP growth of Kingdom of Bahrain was 4.42% in 2013 compared to 4.79% in 2012. Moreover, the inflation rate declined to 2.68% in 2013 compared to 2.81% in 2012.

On the other hand, the Bahrain All Share Index increased by 17.2% closing at 1,248.86 at the end of the year 2013 by an increase of 183.25 points. As for shares prices, the prices of 25 companies increased, 12 companies share prices remained unchanged and the share price of 10 companies decreased. The trading activity witnessed a growth in the value of shares traded by 104.88% and volume of shares by 39.62% compared to 2012.

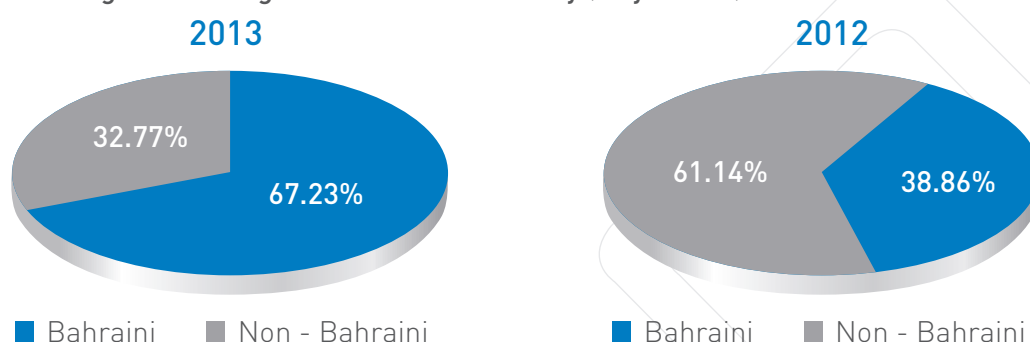
The Commercial Banks Sector captured 68.01% of the total trading value followed by Investment Sector by 14.13%, Services Sector by 8.74%, Industrial Sector by 2.47%, Insurance Sector by 0.34% and finally Hotels & Tourism sector by 0.14%.

Ahli United Bank led the list of the most active companies traded value wise by BD54.560 million capturing around 24.15% of the total traded value in the Bourse, followed by Bahrain Islamic Bank (BISB) by 15%, AlSalam Bank by 10.29%, Ithmaar Bank by 9.61%, and Gulf Finance House (GFH) by 7.59%.

As for the volume of shares traded, the Commercial Banks Sector captured 70.63% of total trading volume followed by the Investment Sector by 20.36%, Services Sector by 3.36%, Industrial Sector by 0.60%, Insurance Sector by 0.17% and Hotels & Tourism Sector by 0.09%. Bahrain Islamic Bank came first among the most active in terms of volume of shares traded by 488.270 million shares, capturing nearly 26.14% of the total shares traded in the Bourse, followed by Gulf Finance House (GFH) by 15.43%, Ithmaar Bank by 13.46%, AlSalam Bank by 13.41% and Ahli United Bank by 12.17%.

Trading by nationality figures show that Bahrainis comprised 67.23% of the total value of shares, while other nationalities comprised 32.77% of the total value of shares. By the end of 2013, the total number of listed companies in Bahrain Bourse was 47 companies, while the number of mutual funds was 23, and Bonds/Sukuks were 10.

Percentage of Trading in Terms of Nationality (Buy & Sell)



Market Capitalization

Market capitalization of Bahraini public shareholding companies listed on the Bourse increased to BD6.96 billion compared to BD5.86 billion at the beginning of the year, posting an increase of 18.91%. The Commercial Banks Sector accounted for 46.72% of the total market capitalization, followed by Investment Sector by 24.27%, the Services Sector by 13.15%, Industrial Sector by 10.94%, the Hotels & Tourism by 2.52%, and Insurance Sector by 2.39%. On the other hand, the Services Sector and Hotels & Tourism Sector posted a decline of 2.85% and 5.45% respectively compared to the beginning of the year. Other sectors posted various growth rates, where the Commercial Banks Sector increased by 39.75% followed by the Industrial Sector by 21%, the Insurance Sector by 9.21% and the Investment Sector by 4.50%.

Market Capitalization among Sectors (Million Dinars)

Sector	2013	2012	Change (%)	Relative Weight (%)
Commercial Banks	3,252.84	2,327.59	39.75	46.72
Hotels & Tourism	175.80	185.93	(5.45)	2.52
Services	915.97	942.79	(2.85)	13.15
Investment	1,690.11	1,617.33	4.50	24.27
Industrial	761.54	629.37	21.00	10.94
Insurance	166.69	152.62	9.21	2.39
Total Market	6,962.95	5,855.64	18.91	100

Financial Indicators

Financial indicators varied among sectors. The table below presents the growth of financial indicators at the end of 2013 compared to 2012.

Financial Indicators

Sector	P/E (X)		Div. Yield (%)		P/BV (X)	
	2013	2012	2013	2012	2013	2012
Commercial Banks	10.47	9.08	4.48	5.02	1.34	1.02
Investment	6.93	7.87	5.18	1.50	0.54	0.54
Insurance	9.68	10.82	2.94	2.55	0.82	0.81
Services	10.82	9.79	6.26	6.38	1.00	1.09
Industrial	9.35	6.35	6.81	6.50	0.84	0.73
Hotels & Tourism	10.79	12.62	4.95	4.39	0.86	1.01
Total Market	9.32	8.53	5.11	4.37	0.9	0.80

Central Depositary

The total number of Bahraini public shareholding shares deposited in Bahrain Bourse's Central Depositary reached 12,727 billion shares at 31 December 2013, comprising 43.55% of the total issued and fully paid shares, compared to 11,044 billion shares at the beginning of 2013, recording a growth of 15.24%.

The market capitalization of Bahraini public shareholding shares deposited at Bahrain Bourse was BD3,552 billion at 31 December 2013 compared to BD2,996 billion at the beginning of the year, increasing by 18.56%.

The number of nationalities registered in the Central depositary reached 96 nationalities, while the number of investors holding shares in Bahraini public shareholding companies reached 29,578 investors by 31 December 2013 compared to 27,241 investors in the beginning of the year, posting a growth of 8.58%.



Key Statistical Data 2012-2013

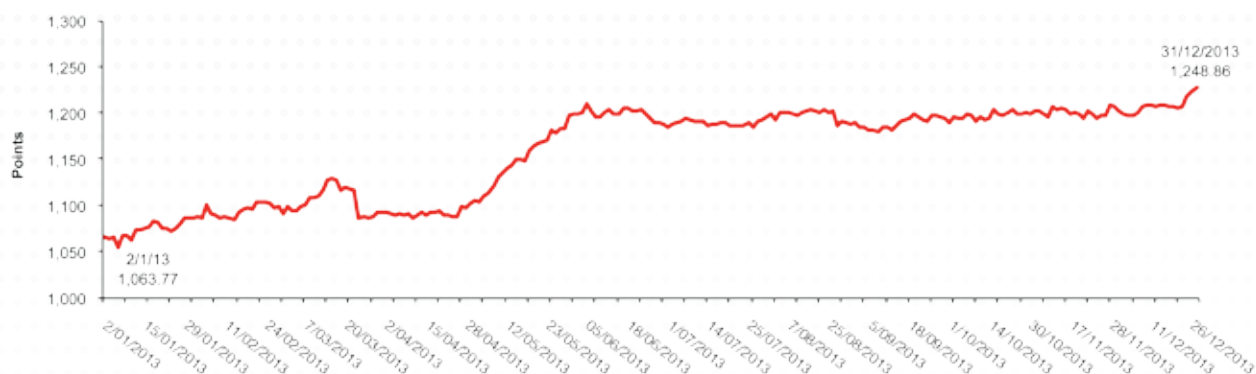
Comparison of Trading Activity

	2013	2012	Change	Change %
Total Market Capitalization (BD)	6,962,951,209	5,855,641,334	1,107,309,875	18.91
Value of Shares (BD)	225,868,069	110,243,688	115,624,381	104.88
Volume of Shares	1,867,760,642	627,707,657	1,240,052,985	197.55
No. of Transactions	14,197	10,168	4,029	39.62
Total Trading Days	247	248	(1)	(0.40)
Daily Average Value of Shares (BD)	914,446	444,531	469,915	105.71
Daily Average Volume of Shares	7,561,784	2,531,079	5,030,705	198.76
Daily Average No. of Transactions	57	41	16	40.19

Bahrain Bourse Indices Performance

Bahrain All Share Index	2013	2012	Change (points)	Change (%)
Year end	1,248.86	1,065.61	183.25	17.20
High	1,248.86	1,162.19	86.67	7.46
Low	1,054.99	1,035.30	19.69	1.90
Dow Jones Bahrain Index				
Year end	110.67	89.53	21.14	23.61
High	110.67	99.91	10.76	10.77
Low	89.06	86.15	2.91	3.38
Esterad Index				
Year end	1,270.28	1,102.58	167.70	15.21
High	1,270.28	1,227.25	43.03	3.51
Low	1,084.99	1,075.13	9.86	0.92

Bahrain All Share Index Performance During 2013 (Points)



Sectorial Indices	2013	2012	Change (%)
Bahrain All Share Index			
Commercial Banks	2,456.44	1,792.20	37.06
Investment	650.69	646.20	0.69
Insurance	1,876.33	1,718.03	9.21
Services	1,206.77	1,242.75	(2.90)
Industrial	3,279.94	696.26	371.08
Hotels & Tourism	2,456.44	3,468.87	(29.19)

No. of listed Companies	2013	2012
Public	41	41
Closed	2	2
Non Bahraini	4	4
Total	47	47

Preferred Shares	2013	2012
	1	1

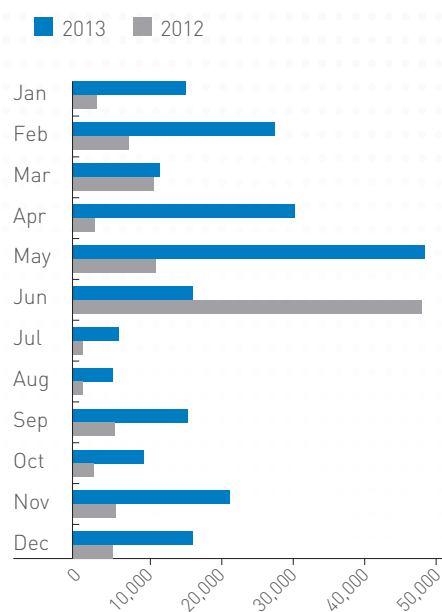
No. of listed Bonds & Sukuk	2013	2012
Bonds	23	3
Sukuk	10	5

No. of listed Mutual Funds	2013	2012
	23	26

Equity Trading Activity for 2012-2011

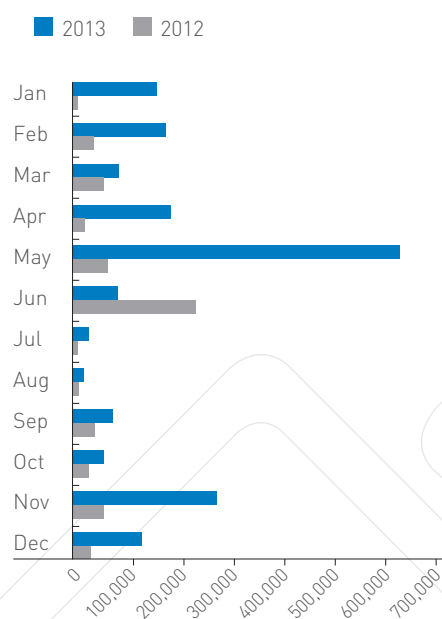
Value (BD 000)	2013	2012	Change (%)
Jan	15,505	3,609	329.64
Feb	27,519	7,559	264.08
Mar	11,059	10,549	4.83
Apr	30,767	3,536	770.12
May	48,899	11,634	320.30
Jun	16,870	48,513	(65.23)
Jul	6,643	2,520	163.64
Aug	5,438	2,708	100.80
Sep	15,750	5,120	207.62
Oct	9,482	3,979	138.34
Nov	21,520	5,303	305.80
Dec	16,416	5,214	214.83
Market	225,868	110,244	104.88

Total Value of Shares Traded



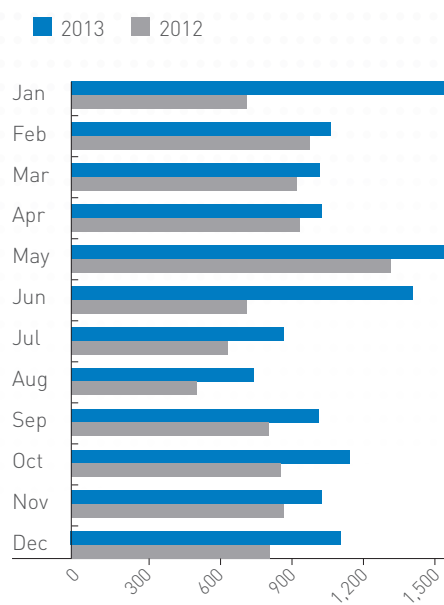
Volume (000)	2013	2012	Change (%)
Jan	149,996	17,993	733.63
Feb	163,117	45,021	262.32
Mar	84,488	55,919	51.09
Apr	181,387	24,053	654.12
May	613,769	64,630	849.67
Jun	86,435	228,536	(62.18)
Jul	35,498	11,014	222.31
Aug	37,272	18,340	103.23
Sep	75,602	40,552	86.43
Oct	53,338	32,911	62.07
Nov	273,158	54,372	402.39
Dec	113,700	34,368	230.84
Market	1,867,761	627,708	197.55

Total Volume of Shares Traded



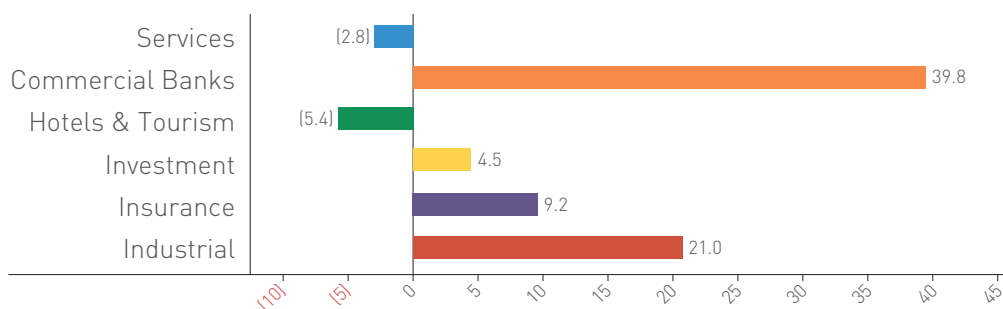
No. of Transactions	2013	2012	Change (%)
Jan	1,620	718	125.63
Feb	1,139	962	18.40
Mar	1,087	903	20.38
Apr	1,125	924	21.75
May	1,822	1,350	34.96
Jun	1,411	716	97.07
Jul	891	611	45.83
Aug	743	552	34.60
Sep	1,011	804	25.75
Oct	1,181	889	32.85
Nov	1,027	894	14.88
Dec	1,140	845	34.91
Market	14,197	10,168	39.62

Total Value of Shares Traded

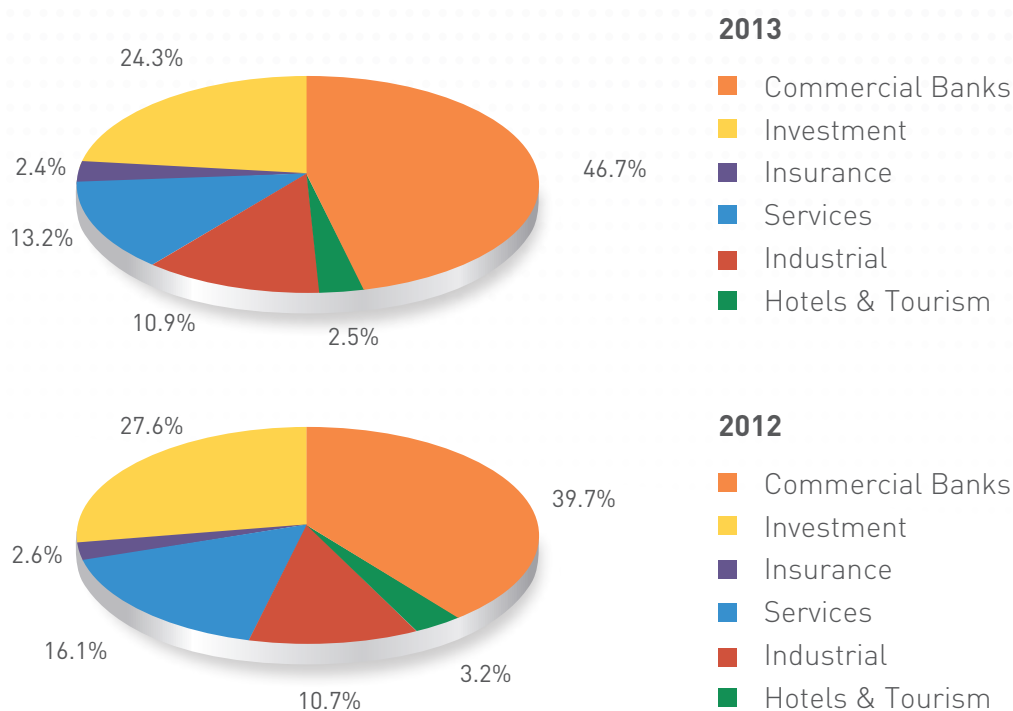


Market Cap (BD million)	2013	2012	Change (%)
Commercial Banks	3,252.8	2,327.6	39.8
Investment	1,690.1	1,617.3	4.5
Insurance	166.7	152.6	9.2
Services	916.0	942.8	(2.8)
Industrial	761.5	629.4	21.0
Hotels & Tourism	175.8	185.9	(5.4)
Market	6,963.0	5,855.6	18.9

Sectorial Growth in Market Capitalization During 2013 (%)



The Breakdown of Market Capitalization by Sectors for the years 2013 & 2012

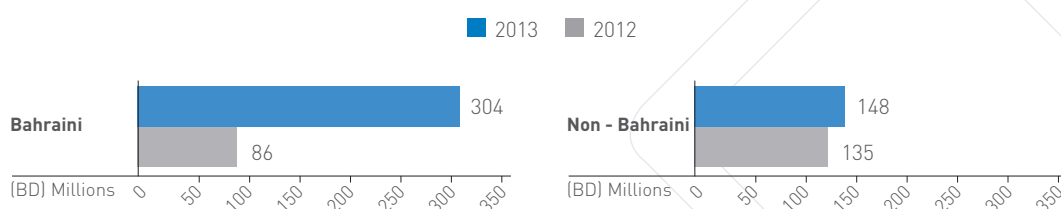


Trading by Nationality

Volume	2013	2012	Change (%)
Bahraini	2,539,525,604	544,973,515	365.99
Non Bahraini	1,195,995,680	710,441,799	68.35
Total	3,735,521,284	1,255,415,314	197.55

Value	2013	2012	Change (%)
Bahraini	303,721,357	85,683,324	254.47
Non Bahraini	148,014,781	134,804,050	9.80
Total	451,736,138	220,487,374	104.88

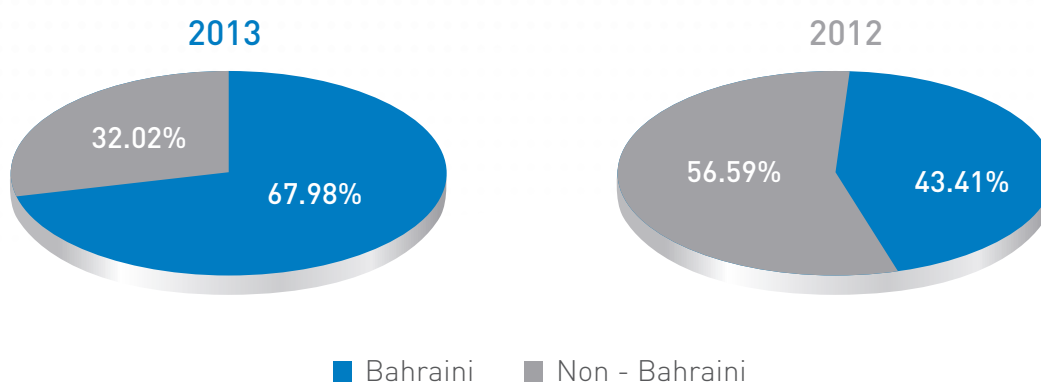
Trading by Nationalities (Value - BD)



Percentage of Trading by Nationality-Volume (Buy & Sell)

	2013	2012
Bahraini	67.98%	43.41%
Non Bahraini	32.02%	56.59%

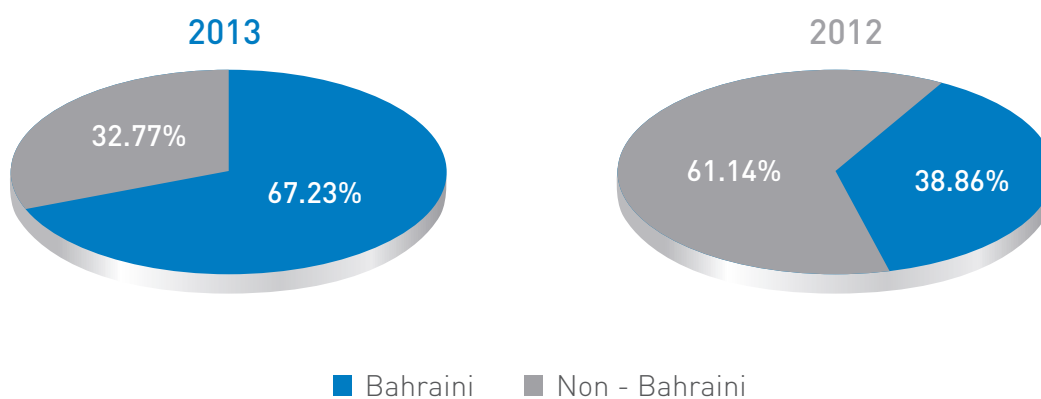
Percentage of Volume of Trading in Terms of Nationality (Buy & Sell)



Percentage of Trading by Nationality-Value (Buy & Sell)

	2013	2012
Bahraini	67.23%	38.86%
Non Bahraini	32.77%	61.14%

Percentage of Value of Trading in Terms of Nationality (Buy & Sell)





Traded Securities and Instruments

Listed Companies

Commercial Banks Sector

National Bank of Bahrain
BBK
Ahli United Bank
Bahrain Islamic Bank
Al Salam Bank
Khaleeji Commercial Bank
Ithmaar Bank

Investment Sector

Gulf Monetary Group
Arab Banking Corporation
United Gulf Bank
Investcorp Bank
Bahrain Middle East Bank
Bahrain Commercial Facilities
United Gulf Investment Corporation B.S.C.
TAIB bank
Esterad Investment Company B.S.C.
Gulf Finance House
INOVEST B.S.C.
Al Baraka Banking Group B.S.C.

Insurance Sector

Bahrain Kuwait Insurance Co.
Al-Ahlia Insurance Co.
Takaful International Company
Arab Insurance Group
Bahrain National Holding Co.

Services Sector

Bahrain Ship Repairing & Engineering Co.
Bahrain Cinema Co.

TRAFCO Group B.S.C.
BMMI B.S.C.
Bahrain Telecommunications Co.
Bahrain Car Park Co.
Bahrain Duty Free Shop Complex
Nass Corporation B.S.C.
Seef Properties B.S.C.

Industrial Sector

Bahrain Flour Mills Co.
Delmon Poultry Co.
Aluminum Bahrain B.S.C.

Hotels & Tourism Sector

Gulf Hotel Group B.S.C.
National Hotels Co.
Bahrain Tourism Co.
Bahrain Family Leisure Co.
Banader Hotels Company B.S.C.

Closed Company

Securities & Investment Co.
United Paper Industries B.S.C.

Non-Bahraini Companies

Bank Muscat (Oman)
International Investment Group (Kuwait)
United Finance Company SAOG (Oman)
Global Investment House (Kuwait)



Listed Mutual Funds

Unit Investment Bank
 SICO Selected Securities (SSS)
 Khaleej Equity Fund
 SICO Gulf Equity Fund
 SICO Arab Financial Fund
 SICO Money Market Fund
 First Arabian Equity 2000 Fund
 Makaseb Arab Tigers Fund
 Makaseb Income Fund
 Global Opportunistic Fund
 Global GCC Large Cap Fund
 The Zenith Fund
 Global GCC Real Estate Fund
 Global Distressed Fund
 Global Islamic Fund of Funds
 Global GCC Islamic Fund
 Global Energy, Petrochemical and
 Downstream Industries Fund
 Alpha MENA Fund
 NBK GULF EQUITY FUND
 NBK QATAR EQUITY FUND
 SICO Kingdom Equity Fund
 Markaz Arabian Fund
 SICO Fixed Income Fund

Listed Bonds & Sukuk

Government Development Bond - 2015
 Government Development Bond - 2016
 Government Development Bond - 2017
 Government Development Bond - 2019
 Ijarah Sukuk in Bahraini Dinar by BMA
 Sukuk Al Musharaka (Investment DAR

Sukuk Co.) - 2010*

IFC Hilal Sukuk
 Government Islamic Leasing Securities
 - 2015
 Government Islamic Leasing Securities
 - 2016
 Government Islamic Leasing Securities
 - 2017

* Matured as of 26th Oct 2010

Brokers & Members List

Brokerage Firms

Ahli United Bank
 BBK
 Al Ahlia Bahrain B.S.C.
 Global Investment House B.S.C. (closed)
 Gulf Securities Company W.L.L.
 Securities & Investment Co. B.S.C. (c)
 TAIB Securities W.L.L.
 Mubasher Financial Services B.S.C.
 United Gulf Bank B.S.C.

Individual Brokers

Abdulla Zain Al-Abdeen
 Nassir Khosrou
 Yousif Al-Ajaji

Member Firms

HSBC Bank Middle East Limited
 Standard Chartered Bank Bahrain
 Gulf Custody Company B.S.C. (c)
 Citibank N.A. Bahrain
 SICO Funds Services Company B.S.C. (c)

Listing and Annual Subscription Fees

Local Equities

Listing*:

- 0.1% of the company's paid-up capital, with a maximum amount of BD15,000 and a minimum amount of BD5,000.

Annual subscription**:

- 0.13% of the first BD10 million of the company's paid up capital, with a minimum of BD5,000/-.
- 0.07% of the amount exceeding BD10 million, up to BD50 million.
- 0.035% of the amount exceeding BD50 million, with a maximum amount of BD80,000/-.

Clearing & Settlement:

- 0.0125% of the first BD15 million of the company's paid-up capital with a minimum of BD1,000.
- 0.00625% of the amount exceeding BD15 million of the company's paid-up capital, with maximum gross fees of BD4,000.

Non-Bahraini Equities

Listing*:

- 0.1% of the company's paid-up capital, with a maximum amount of BD5,000 and a minimum amount of BD2,000.

Annual Subscription**:

- 15% of the Bahraini shareholding company with maximum gross fees of BD12,000 and a minimum of BD2,000.

Local Closed Companies

Listing*: BD1,000.

Annual Subscription**:

- 0.025% of the company's paid-up capital, with a maximum amount of BD6,000 minimum of BD1,000.

Mutual Funds

Listing*: BD300

Annual Subscription**: BD250

Preferred Shares

Listing

- 0.5% of the par value of the outstanding shares with a maximum amount of BD5,000 and a minimum amount of BD2,000.

Annual Subscription: BD2,000 annually



Bonds & Sukuk

Government:

Listing*: BD 1,500

Annual Subscription**: BD 2,000

Private & Non Bahraini:

Listing*: 0.05% of the total value with a minimum of BD 2,000 and maximum of BD 5,000.

Annual Subscription**: BD 2,000.

Currency Warrants

Listing*: BD 250

Annual Subscription: Nil

Transfer Agents

Listing*: BD500

Annual Subscription**: BD 1,000

Individual Brokers

Listing*: BD 500

Annual Subscription: BD250

Brokerage Firms

Listing*: BD 1,000

Annual Subscription: BD500

Custodianship

Listing*: BD1,000

Annual Subscription: BD 500

* A one-off payment.

** Applicable to companies only, whereby the remaining part of the financial year of a company's registration will be taken into consideration and charged on a monthly basis.

Bahrain Bourse Corporate Governance Report 2013

Bahrain Bourse Corporate Governance Policy

Bahrain Bourse seeks to apply the rules and principles of corporate governance in an effective manner in accordance with the legislation issued by the Central Bank of Bahrain and the Ministry of Industry and Commerce, and in fulfillment of the responsibility of the Board of Directors in the overall control, supervision and enhancement of compliance with the requirements of corporate governance. Such compliance will contribute to improving the performance of the Bourse and thus help in enhancing the efficiency of the capital market and attract more domestic and foreign investments.

The implementation of the best standards of corporate governance is one of the top priorities of the Bahrain Bourse, because good governance plays a key role in building investors' confidence. Corporate governance enhances the level of disclosure and transparency and thus protects the interests of all stakeholders, thereby contributing to the strengthening of the position of the Kingdom of Bahrain as a financial center.

Shareholder Information

The authorized capital of the company is BD10,000,000/- (Bahrain Dinar ten million), divided into ten million shares of a nominal value of BD1/- per share. The issued and paid up capital amounts to BD2,000,000/- (Bahrain Dinar two million) divided into two million shares.

The Minister of Finance was appointed to perform the tasks of the shareholder in Bahrain Bourse Company in accordance with Decree No. (41) of 2012 issued on 26 April 2012.

Board of Directors Information

Composition of the Board of Directors

The Board of Directors of Bahrain Bourse is comprised of not less than five directors and not more than eleven, to be appointed by a resolution of the Economic Development Board with the approval of the Central Bank of Bahrain in accordance with the provisions of the Memorandum and Articles of Association of Bahrain Bourse.

The current Board of the Bourse is comprised of eight directors who were appointed

by Economic Development Board Resolution No. 1 of 2011 for a term of three years started from 6th February 2011 and ended on 5th February 2014.

Duties and Responsibilities of the Board of Directors

- All members of the Board of Directors of Bahrain Bourse shall have full understanding of all the duties and responsibilities of the Board of Directors stipulated by the “Commercial Companies Law of the Kingdom of Bahrain” and any other laws or regulations as amended from time to time, especially the following:
 - The role of the Board with respect to the executive management of the Bourse ((executive management members are appointed and supervised by the Board)).
 - The responsibility of the members of the Board in demonstrating sincerity and honesty towards the Bourse and the shareholder.
- The duties and responsibilities of the Board including those stipulated in the Articles of Association that include but are not limited to:
 1. The overall performance of the Bourse in accordance with the approved strategic plan.
 2. Ensuring the preparation of the financial statements and that they are prepared in a proper manner that reflects the actual financial position of the Bourse.
 3. Monitoring the performance of the executive management.
 4. Ensuring that there is no conflict of interest of any kind and prevent any dealings that may cause rise to conflict of interest.
 5. Fixing and controlling the remuneration and compensation of the executive management of the Bourse.
 6. Making changes to the compensation and remuneration of the executive management and members of the Board of Directors as may be deemed in the best interest of the Bourse.
 7. Ensuring the integrity and fairness of the financial and accounting systems, including the independence of the audit, having in place the necessary internal control systems, and more specifically risk management and control systems for financial transactions and Bourse operations, in addition to ensuring the presence of a system for compliance with the applicable laws, regulations and related standards.

8. Monitoring the duties that the Bourse should comply with or perform, including ((but not limited to)) matters that relate to the requirements of listing on the Bourse, disclosure and dissemination of information that has a direct impact on the shares prices of listed companies in the Bourse, as well as preventing any transactions that involve any misuse of information.

9. Complying with all the provisions of the Bourse's incorporation documents, including ((but not limited to)) the Memorandum and Articles of Association of the Bourse and all related regulations, decrees and resolutions.

10. Approval of all fees in general, including admission and registration fees, commissions and penalties whether they are related to administrative issues or the operations of the Bourse.

11. Developing and putting in place the systems and regulations necessary for organizing the work and management of the company, appoint and remove directors, chief executive officer and employees along with determining their duties, salaries and the guarantees that they should provide, if any, and the purchase and sale of property, rights and concessions, whether movable or fixed, leasing and authorization to withdraw funds and collateral owned by the company and the transfer and sale thereof, approval of taking legal action to protect the company's interests before the courts as plaintiff or defendant, write-off of assets, termination of concessions, whether for or without consideration, take decisions on how to use the company's funds, and the determining and imposing of fines and penalties for violations by the members and companies listed on the Bourse.

- The Board members are collectively and individually responsible for performing these tasks and responsibilities. The Board may delegate specific tasks to committees. However, the Board may not delegate the task of ensuring having in place a comprehensive adequate, effective and transparent corporate governance framework.

Transactions that Require the Approval of the Board of Directors

The rules, regulations, policies, and BHB Corporate Governance Policy Manual with its related appendices, determine the financial and other transactions that require the approval of the Board of Directors, which is including the Board members and all related parties.

Board Committees

The Board of Directors has formed a number of committees to support the Board in carrying out its responsibilities. These committees include the Executive, Nomination

and Remuneration Committee and the Audit, Risks and Governance Committee.

The Executive Committee, Nomination Committee and Remuneration Committee were merged into one Committee called the Executive, Nomination and Remuneration Committee. Similarly, the Audit Committee, Risks Committee and Corporate Governance Committee were merged into one Committee called the Audit, Risks and Governance Committee, based on the approval of the Central Bank of Bahrain.

Executive, Nomination and Remuneration Committee	
Members	Brief Terms of Reference, Tasks and Responsibilities
Nada Alawi Shubbar Committee Chairman	<ul style="list-style-type: none"> • The Board of Directors appoints the members of the Committee who will be at least three for a term of three years, subject to renewal in concurrence with the term of the Board of Directors. • A committee chairperson is elected from among the members of the Committee at the first meeting after the appointment of its members, provided that he/ she shall be an independent director. The majority of the members shall be independent non-executive directors. • The attendance of at least a majority of the members, provided that the Chairman or Vice Chairman is among them, shall constitute a quorum. • The Committee shall hold minimum of four meetings in a year. • The Committee conducts an annual self-assessment of the performance of the Committee / members and report the findings and recommendations to the Board of Directors. This shall be carried out in accordance with the assessment process approved by the Board of Directors and its committees. <p>Summary of Responsibilities: The Committee reviews the reports and proposals of the executive management, suggests ways and means for the development of the Bahrain Bourse Board Structure, nominates qualified persons to join the Board of Directors or executive management and recommends them to the Board of Directors. It reviews Bourse policies related to the remuneration of members of the Board of Directors.</p>
Nabeel Khalid Kanoo Committee Member	
Rana Ebrahim Faqihi Committee Member	

Audit, Risks and Governance Committee	
Members	Brief Terms of Reference, tasks and Responsibilities
Mohammed Ahmed Hassan Committee Chairman	<ul style="list-style-type: none"> • The Board of Directors appoints the members of the Committee who will be at least three for a term of three years, subject to renewal in concurrence with the term of the Board of Directors. • A committee chairperson is elected from among the members of the Committee at the first meeting after the appointment of its members, provided that he/ she shall be an independent director. The majority of the members shall be independent directors. • The attendance of at least a majority of the members, provided that the Chairman or Vice Chairman is among them, shall constitute a quorum. • The Committee shall hold minimum of four meetings in a year. • The Committee conducts an annual self-assessment of the performance of the Committee / members and report the findings and recommendations to the Board of Directors. This shall be carried out in accordance with the assessment process approved by the Board of Directors and its committees. <p>Summary of Responsibilities: The Committee oversees the internal audit program, the internal control systems and the performance of the external auditor. It reviews compliance with legislative and legal requirements, oversees risk management and reviews risk management policies and strategy, supervises the implementation of corporate governance rules and principles in the Bourse and reviews the instructions issued by the regulatory authorities regarding corporate governance.</p>
Marwan Khalid Tabbara Committee Member	
Yaser Ebrahim Humaidan Committee Member	

Directors' Remuneration

The remuneration for the members of the Board of Directors is determined by a resolution by the shareholder in accordance with the Articles of Association of the Bourse and the Commercial Companies Law.

For the year 2013, the Directors' Remuneration amounted to BHD 58,917.

Remuneration of Executive Management

Fixed and Variable Compensations and Remunerations

The amount of Executive Management's compensations and remunerations for the year 2013 was BHD 152,254, and this amount includes basic salaries, fixed allowances, and bonuses related to performance appraisals at the year-end 2013.

Evaluating of the Performance of the Board of Directors and Committees

The performance of the Board and the committees is evaluated through self-assessment by reviewing their tasks and responsibilities. The assessment also includes reviewing the level of achievement with regard to the implementation of plans and programs designed to develop the performance of the Bourse, according to the approved assessment policy and procedure for Board members assessment.

Code of Conduct

A code of conduct has been issued by the Bourse. The code of conduct that embodies the values of the Bourse enhances compliance with work regulations and procedures and with the applicable laws and regulations. It also enhances the commitment to avoiding conflict of interest and separating personal interests from the interests of the Bourse, as well as to other best practice principles. All employees and Board members must adhere to the best professional practices and integrity in their dealings with all the concerned parties, and thereby help in enhancing the confidence of stakeholders.

Whistle Blowing Policy

As part of the Bourse efforts to ensure the highest level of professionalism, integrity and accountability, a whistle blowing policy has been approved and included in the Corporate Governance Policy Manual of the Bourse to ensure that irregularities and breaches get reported. The Bourse have also approved the policies, procedures and mechanisms necessary for maintaining the highest level of professionalism in carrying out Bourse operations and building trust and confidence between the Bourse and all the parties dealing with it. According to these mechanisms, the staff will be encouraged to report any practices that violate the rules of the Code of Conduct or any illegal acts and effective measures will be implemented with regard to accountability. This will lead to enhancing the standards of honesty and integrity in all the activities of the Bourse.

The said policies, procedures and mechanisms will also provide the necessary protection for the employees who report irregularities by ensuring complete confidentiality. The overseeing of this policy will be the direct responsibility of the Chairperson of the Audit, Risks and Governance Committee.

Key Persons Dealing Policy

The Bourse implements a Key Persons Dealing Policy for its employees and implementation procedures to ensure fairness and integrity of trading in the capital market and enhance the standards of transparency and clarity in such transactions.

Compliance and Anti-money Laundering

The function of compliance aims to protect the Bourse from the risk of violating the laws and regulatory controls that govern the internal operations of the Bourse, or the rules that are issued by the legislative and regulatory authorities. The ultimate purpose is to help in the management and minimization of risks arising from non-compliance with laws and regulations.

As part of its role in this regard, the Audit, Risks and Governance Committee supervises the process of compliance and follows up on the implementation of the instructions of the internal and external regulators by reviewing periodic reports on compliance. It also monitors the Bourse's compliance with corporate governance in terms of disclosure and transparency requirements, as well as ensuring and following up on anti-money laundering policies and procedures.

Conflict of Interests

No member of the Board of Directors shall vote on any agreement, arrangement or any other proposal in which he or she has personal interest.

Every member shall declare to the Board his/ her personal interest, whether direct or indirect, if any, in any transaction, contract or any proposals for the account of the Bourse, and such declaration shall be recorded in the minutes of the relevant meeting. Such member of the Board shall not participate in any deliberations or vote on decisions related to this matter.

Disclosures Related to Members of the Board of Directors

Yousuf Abdulla Humood			
Chairman of the Board of Directors Joined the Board of Directors on 6th February 2011 (Independent non-executive)			
Background	Membership	Name of Company	Country
Executive Education Program Certificate from Harvard Kennedy School-Jordan, Certificate of Gulf Executive Development Program from Darden University-Virginia, Diploma of Project Planning and Appraisal from Strathclyde University-Scotland, Bachelors of Economic Planning from the University of Aleppo – Syria Experience: More than 34 years in government economic sector.	Board Member	Future Generations Reserve Fund	Bahrain
	Board Member	Arab Investment Company	Saudi Arabia

Afnan Rashid Al Zayani			
Vice Chairman of the Board of Directors Joined the Board of Directors on 6th February 2011 (Independent non-executive)			
Background	Membership	Name of Company	Country
Bachelors of Food Technology from Texas Technical University-USA, Majoring in Food Technology and Nutrition from The American University-Beirut. Experience: More than 32 years in the Business Administration sector.	Board Member	Al Zayani Commercial Services Company	Bahrain
	Board Member	Alayam Publication Establishment	Bahrain
	Board Member	Alzayani for Elevators Co.	Bahrain
	Board Member	Bahrain Flour Mills Company	Bahrain
	Board Member	Bahrain Chamber of Commerce & Industry	Bahrain

Mohammed Ahmed Hassan

Member of the Board of Directors
 Joined the Board of Directors on 6th February 2011
 (Independent non-executive)

Chairman of Audit, Risk and Governance Committee	Membership	Name of Company	Country
Bachelors of Accounting from The University of Riyadh Experience: More than 34 years in the public financial sector, including 11 years in Audit	Board Member	Bahrain Airport Company	Bahrain

Yaser Ebrahim Humaidan

Member of the Board of Directors
 Joined the Board of Directors on 6th February 2011
 (Independent non-executive)

Member of Audit, Risk and Governance Committee	Not a member of the Board of Directors of any other company
Bachelors of Finance from Lehigh University in Pennsylvania Experience: More than 20 years in investment management in the banking sector	

Marwan Khalid Tabbara

Member of the Board of Directors
 Joined the Board of Directors on 6th February 2011
 (Independent non-executive)

Member of Audit, Risk and Governance Committee	Membership	Name of Company	Country
Masters of Engineering from Duke University-USA, Bachelors of Electrical Engineering from Duke University-USA, Bachelors of Economics from Duke University-USA. Experience: more than 4 years in the banking sector and more than 11 years in consultancy.	Board Member	Stratum	Bahrain
	Board Member	Ensuriion Co.	Bahrain
	Board Member	Petrogenera Co.	Bahrain
	Board Member	Park Place Co.	Bahrain
	Board Member	Viacloud Co.	Bahrain
	Board Member	Viacloud Holding	Bahrain
	Board Member	Viacloud Jordan	Jordan
	Board Member	Viacloud Muscat	Oman
	Board Member	Doolab Holding Co	Bahrain

Nada Alawi Shubbar			
Member of the Board of Directors Joined the Board of Directors on 6th February 2011 (Independent non-executive)			
Chairman of Executive, Nomination and Remuneration Committee	Membership	Name of Company	Country
Masters of Business Administration from the University of Phoenix-USA, Bachelors of Management Information Systems from the University of Houston-USA. Experience: More than 10 years in the security and safety sector	General Manager	Annada E-Commerce Trading	Bahrain
	Board Member	National Occupational Safety & Health Centre	Bahrain

Rana Ebrahim Faqihi	
Member of the Board of Directors Joined the Board of Directors on 6th February 2011 (Independent non-executive)	
Member of Executive, Nomination and Remuneration Committee	Not a member of the Board of Directors of any other company
Masters of International Business Management from the University of Westminster - UK, Bachelors of International Business Management from the University of Lincolnshire and Humberside, UK. Experience: more than 11 years in the government economic sector.	

Nabeel Khalid Kanoo

Member of the Board of Directors
 Joined the Board of Directors on 6th February 2011
 (Independent non-executive)

Member of Executive, Nomination and Remuneration Committee	Membership	Name of Company	Country
Bachelors of Business Management from St. Edwards University - USA. Experience: More than 16 years in the investment and tourism sectors.	Board Member	Yusuf Bin Ahmed Kanoo Co	Bahrain
	Board Member	Yusuf Bin Ahmed Kanoo Co	Saudi Arabia
	Board Member	Kanoo Travel	ME, UK & France
	Board Member	Kanoo & El Shabrawy Co	Egypt
	Board Member	Ithmar Bank	Bahrain
	Board Member	Bahrain Chamber of Commerce and Industry	Bahrain
	Board Member	Bahrain Airport Services	Bahrain

Board and Committees Meetings and Attendance Record**Board Meetings**

Board meetings are held regularly in accordance with the provisions of Bourse's Articles of Association upon the invitation of the Chairman of the Board of Directors, or the request of two members of the Board.

The Board held five meetings during the year of 2013, under the chairmanship of the Board Chairman, who attended and chaired all the meetings. The tables below show the attendance record of the meetings held by the Board of Directors and its committees during the period.

Members of the Board of Directors of Bahrain Bourse		1/2013	2/2013	3/2013	4/2013	5/2013
		21 Jan 2013	27 Feb 2013	30 June 2013	21 Oct 2013	29 Dec 2013
Yousuf Abdulla Humood	Chairperson of the Board	√	√	√	√	√
Afnan Rashid Al Zayani	Vice Chairperson of the Board	√	√	√	-	√
Mohammed Ahmed Hassan	Board Member	√	-	√	√	√
Nada Alawi Shubbar	Board Member	√	√	-	√	√
Marwan Khalid Tabbara	Board Member	√	√	√	√	√
Yaser Ebrahim Humaidan	Board Member	√	√	√	√	-
Nabeel Khalid Kanoo	Board Member	√	-	-	√	-
Rana Ebrahim Faqihi	Board Member	√	√	√	√	√

Meetings of the Executive, Nomination and Remuneration Committee

Members of the Executive, Nomination and Remuneration Committee		1/2013	2/2013	3/2013	4/2013
		20 Feb 2013	23 June 2013	8 Oct 2013	18 Dec 2013
Nada Alawi Shubbar	Chairperson	√	√	√	√
Nabeel Khalid Kanoo	Committee Member	-	-	√	-
Rana Ebrahim Faqihi	Committee Member	√	√	-	√

Meetings of the Audit, Risks and Governance Committee

Members of the Audit, Risks and Governance Committee		27(1/2013)	28(2/2013)	29(3/2013)	30(4/2013)	31(5/2013)	32(6/2013)
		17 Feb 2013	9 June 2013	31 July 2013	6 Oct 2013	3 Nov 2013	22 Dec 2013
Mohammed Ahmed Hassan	Chairperson	√	√	√	√	√	√
Marwan Khalid Tabbara	Committee Member	√	√	√	√	√	√
Yaser Ebrahim Humaidan	Committee Member	√	√	√	√	√	√

Auditors

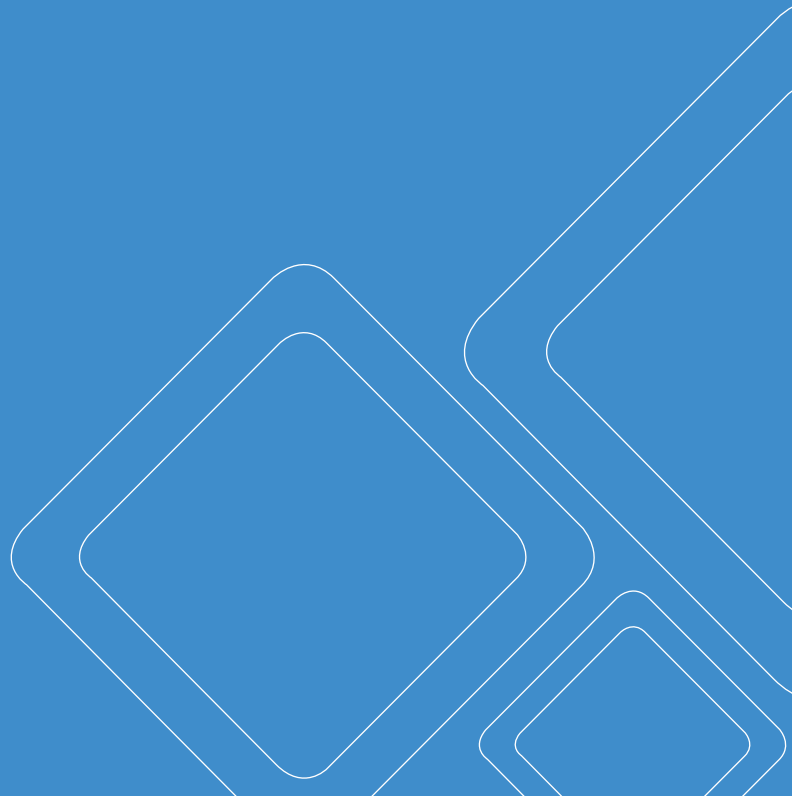
Bahrain Bourse has appointed Deloitte & Touche as external auditors for the year 2013.



EXCHANGE RATES									
FR	DM	IE	L	FI	Nkr	E	Pla	SKr	SFr
26	4.848	1.952	200	5.463	20.74	49	412.5	21.99	3.038
1	2.631	1.059	205	2.965	11.26	26	253.7	11.93	2.137
2.982	1.201	1.059	205	3.360	12.76	30	85.07	13.52	2.427
2.483	0.403	1.059	205	1.127	4.278	10	11.3	4.535	0.81
101	0.041	1.059	205	2.798	10.62	2	75.25	2.427	0.45
8	0.357	1.059	205	0.112	0.432	1	11.3	2.427	0.45
0.941	878	1.059	205	1	3.787	1	11.3	2.427	0.45
0.383	2314	1.059	205	2.634	10	1	11.3	2.427	0.45
0.475	965.8	1.059	205	1.086	4.114	1	11.3	2.427	0.45
0.88	1164	1.059	205	1.086	4.114	1	11.3	2.427	0.45
0.88	2183	1.059	205	1.086	4.114	1	11.3	2.427	0.45
0.88	2183	1.059	205	1.086	4.114	1	11.3	2.427	0.45

MARKET INDICES									
FR	DM	IE	L	FI	Nkr	E	Pla	SKr	SFr
26	4.848	1.952	200	5.463	20.74	49	412.5	21.99	3.038
1	2.631	1.059	205	2.965	11.26	26	253.7	11.93	2.137
2.982	1.201	1.059	205	3.360	12.76	30	85.07	13.52	2.427
2.483	0.403	1.059	205	1.127	4.278	10	11.3	4.535	0.81
101	0.041	1.059	205	2.798	10.62	2	75.25	2.427	0.45
8	0.357	1.059	205	0.112	0.432	1	11.3	2.427	0.45
0.941	878	1.059	205	1	3.787	1	11.3	2.427	0.45
0.383	2314	1.059	205	2.634	10	1	11.3	2.427	0.45
0.475	965.8	1.059	205	1.086	4.114	1	11.3	2.427	0.45
0.88	1164	1.059	205	1.086	4.114	1	11.3	2.427	0.45
0.88	2183	1.059	205	1.086	4.114	1	11.3	2.427	0.45

Financial Statements



Financial Statements and Independent Auditor's Report

for the Year Ended December 31, 2013

Board of Directors

Mr. Yousuf Abdulla Humood - Chairman
Mrs. Afnan Rashid Al Zayani - Vice Chairman
Mr. Yaser Ebrahim Humaidan - Member
Mr. Nabeel Khalid Kanoo - Member
Mr. Mohammed Ahmed Hassan - Member
Ms. Rana Ebrahim Faqihi - Member
Ms. Nada Alawi Shubbar - Member
Mr. Marwan Khalid Tabbara - Member

Chief Executive Officers

Mr. Fouad A. Rahman Rashed

Registered Office

P.O. Box 3203, Manama, Kingdom of Bahrain

Principal Bankers

National Bank of Bahrain
Bank of Bahrain and Kuwait
Ahli United Bank
Ithmaar Bank
Khaleeji Commercial Bank
Al Salam Bank
Bahrain Islamic Bank

Auditor

Deloitte & Touche,
P.O. Box 421,
Manama,
Kingdom of Bahrain

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For the Year Ended December 31, 2013

Independent Auditor's Report

The Shareholders
Bahrain Bourse B.S.C. (c)
Manama Kingdom of Bahrain

Report on the Financial Statements

We have audited the accompanying financial statements of Bahrain Bourse B.S.C. (c) ("the Bourse"), which comprise the statement of financial position as at December 31, 2013 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management 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 management determines is necessary to enable the preparation of financial statements that are free from material misstatement, Whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with 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 auditor's 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 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 Bahrain Bourse B.S.C. (c) as of December 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 22 to the financial statements which relates to the restatement of prior years figures for the year ended December 31, 2011 and December 31, 2012. Our opinion is not qualified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

In our opinion, the Bourse has maintained proper accounting records and the financial statements have been prepared in accordance with those records. We further report that, to the best of our knowledge and belief, the financial information provided in the Board of Directors' Report is in agreement with the financial statements and based on the information and explanations provided by the management which were required for the purpose of our audit. We are not aware of any violations of the relevant provisions of Bahrain Commercial Companies Law 2001 or the Central Bank of Bahrain (CBB) and Financial Institution Law, or the CBB Rule Book (Volume 6), or the CBB Capital Market Regulations and associated resolutions and the Bourse's Memorandum and Articles of Association having occurred during the year ended December 31, 2013 that might have had a material effect on the business of the Bourse or on its financial position.

Statement of Financial Position

as at December 31, 2013

Bahraini dinars

	Notes	2013	(Restated) 2012	(Restated) 2011
Assets				
Non-current asset:				
Property and equipment	5	4,440,947	3,977,793	4,182,069
Current assets:				
Accounts receivable	6	87,072	200,976	65,196
Due from related party	7	200,000	418,520	418,520
Prepayments and other receivables	8	61,515	72,280	203,627
Cash and bank balances	9	4,607,518	4,291,703	2,429,252
Total current assets		4,956,105	4,983,479	3,116,595
Total assets		9,397,052	8,961,272	7,298,664
Equity and Liabilities				
Equity:				
Share capital	10	2,000,000	2,000,00	2,000,000
General reserve	11	2,000,000	1,500,000	1,000,000
Statutory reserves	12	335,621	268,433	118,092
Retained earnings		4,091,914	3,987,222	3,134,156
Total equity		8,427,535	7,755,655	6,252,248
Liabilities				
Non-current liability:				
Provision for employees' end-of-service benefit	13	19,463	8,903	2,323

The attached notes form an integral part of these financial statements.

Bahraini dinars

	Notes	2013	(Restated) 2012	(Restated) 2011
Current liabilities				
Accounts payable		29,326	35,569	92,994
Accrued and other payable	14	509,795	674,042	388,544
Deffered revenues	15	410,933	487,103	562,555
Total current liabilities		950,054	1,196,714	1,044,093
Total liabilities		969,517	1,205,617	1,046,416
Total equity and liabilities		9,397,052	8,961,272	7,298,664

The financial statements were approved and authorised for issue by the Board of Directors on 2 February 2014 and signed on its behalf by:

Mr. Yousuf A. Humood
Chairman

Mr. Mohammed Ahmed Hassan
Director

Mr. Fouad A. Rahman
Chief Executive Officers

The attached notes form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended December 31, 2013

Bahraini dinars

	Notes	2013	2012
Income			
Subscription fees		1,634,483	1,662,343
Registration fees		4,800	2,500
Dealing commissions	16	302,076	191,799
Interest income		124,768	107,975
Grant from Government of Bahrain	7	1,781,480	2,000,000
Grant from Central Bank of Bahrain	7	-	500,000
Other income	17	321,886	284,350
Total income		4,169,493	4,748,967
Expenses			
Salaries and staff costs		1,380,051	1,386,187
Remuneration of the Board of Directors	7	88,000	40,000
General and administrative expenses	18	1,340,432	1,239,086
Emergency expenses	19	157,453	-
Depreciation of fixed assets	5	479,281	527,087
Provision for impairment of receivables	6	52,396	53,200
Total expenses		3,497,613	3,245,560
Profit for the year		671,880	1,503,407
Total comprehensive income for the year		671,880	1,503,407

Mr. Yousuf A. Humood
Chairman

Mr. Mohammed Ahmed Hassan
Director

Mr. Fouad A. Rahman
Chief Executive Officers

The attached notes form an integral part of these financial statements.

Statement of Changes in Equity

for the Year Ended December 31, 2013

Bahraini dinars

	Share Capital	General Reserve	Statutory Reserve	Retained Earnings	Total
At December 31, 2011 (As previously stated)	2,000,000	1,000,000	118,092	2,715,636	5,833,728
Prior year adjustment (Note 22)	-	-	-	418,520	418,520
At December 31, 2011 (Restated)	2,000,000	1,000,000	118,092	3,134,156	6,252,248
Total comprehensive income for the year	-	-	-	1,503,407	1,503,407
Transferred to statutory reserve	-	-	150,341	(150,341)	-
Transferred to general reserve	-	500,000	-	(500,000)	-
At December 31, 2012 (Restated)	2,000,000	1,500,000	268,433	3,987,222	7,755,655
Total comprehensive income for the year	-	-	-	671,880	671,880
Transferred to statutory reserve	-	-	67,188	(67,188)	-
Transferred to general reserve	-	500,000	-	(500,000)	-
At December 31, 2013	2,000,000	2,000,000	335,621	4,091,914	8,427,535

Mr. Yousuf A. Humood
Chairman

Mr. Mohammed Ahmed Hassan
Director

Mr. Fouad A. Rahman
Chief Executive Officers

The attached notes form an integral part of these financial statements.

Statement of Cash Flows

for the Year Ended December 31, 2013

Bahraini dinars

	2013	2012
Operating activities		
Cash received from subscribers	1,646,246	1,552,706
Cash received from commissions and other revenues	774,690	273,853
Advance receipts from clients for electronic display board	25,000	50,000
Cash paid for staff related cost	(1,550,600)	(1,291,027)
Cash paid for general and administrative expenses	(1,522,462)	(1,019,932)
Payment of remuneration of the Board of Directors and committees	(64,000)	(40,000)
Net cash flows used in operating activities	(691,126)	(474,400)
Investing activities		
Acquisition of property and equipment	(70,996)	(58,115)
Capital work-in-progress	(871,439)	(194,925)
Fixed deposits	(2,522,068)	(700,163)
Interest from banks and bonds	137,896	89,891
Net cash flows used in investing activities	(3,326,607)	(863,312)
Financing activities		
Grant from Central Bank of Bahrain	-	500,000
Grant from Government of Bahrain	1,811,480	2,000,000
Net cash flows from financing activities	1,811,480	2,500,000
(Decrease) / increase in cash and cash equivalents	(2,206,253)	1,162,288
Cash and cash equivalents at the beginning of the year	3,591,540	2,429,252
Cash and cash equivalents at the end of the year (Note 9)	1,385,287	3,591,540

The attached notes form an integral part of these financial statements.

Notes to the Financial Statements

for the Year Ended December 31, 2013

1. Status and Activities:

The Bahrain Bourse B.S.C. (c) ("the Bourse") is a Bahraini Company registered with the Ministry of Commerce and under registration No. 76907. The Bourse was operative under the name of Bahrain Stock Exchange up to year 2010.

2. Adoption of New and Revised International Financial Reporting Standards (IFRSs)

2.1 Standard and Interpretations effective for the current period

The following new and revised standards and interpretations have been adopted in the current period with no material impact on the disclosures and amounts reported for the current and prior periods but may affect the accounting for future transactions and arrangements:

- IFRS 10 *Consolidated Financial Statements** uses control as the single basis for consolidation, irrespective of the nature of the investee. IFRS 10 requires retrospective application subject to certain transitional provisions providing an alternative treatment in certain circumstances. Accordingly IAS 27 *Separate Financial Statements** and IAS 28 *Investments in Associates and Joint Ventures** have been amended for the issuance of IFRS 10.
- IFRS 11 *Joint Arrangements** establishes two types of joint arrangements: Joint operations and joint ventures. The two types of joint arrangements are distinguished by the rights and obligations of those parties to the joint arrangement. Accordingly IAS 28 *Investments in Associates and Joint Ventures* has been amended for the issuance of IFRS 11.
- IFRS 12 *Disclosure of Interest in Other Entities** combines the disclosure requirements for an entity's interest in subsidiaries, joint arrangements, associates and structured entities into one comprehensive disclosure Standard.
- IFRS 13 *Fair Value Measurement* issued in May 2011, establishes a single framework for measuring fair value and is applicable for both financial and non-financial item.

- Amendments to IAS 1 - *Presentation of Other Comprehensive Income*. The amendments retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate statements. However, items of other comprehensive income are required to be grouped into those that will and will not subsequently be reclassified to profit or loss with tax on items of other comprehensive income required to be allocated on the same basis.
- Amendments to IAS 19 *Employee Benefits* eliminate the "corridor approach" and therefore require an entity to recognize changes in defined benefit plan obligations and plan assets when they occur.
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*.
- Amendments to IFRS 7 *Financial Instruments: Disclosures* enhancing disclosures about offsetting of financial assets and liabilities.

2.2 Standards and Interpretation in issue not yet effective

Management has not early applied the following new standards, amendments and interpretations that have been issued but not yet effective:

Standard/ Explanation	Effective for annual periods beginning on or after
<ul style="list-style-type: none"> • IFRS 9 <i>Financial Instruments</i>. The requirements of IFRS 9 represent a significant change from the classification and measurement requirements in IAS 39 <i>Financial Instruments: Recognition and Measurement</i> in respect of financial assets. The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of issuer. 	January 1, 2015
<ul style="list-style-type: none"> • Amendments to IAS 32 <i>Financial Instruments: Presentation</i> relating to application guidance on the offsetting of financial assets and financial liabilities. 	January 1, 2014
<ul style="list-style-type: none"> • Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> relating to disclosures about the initial application of IFRS 9. 	When IFRS 9 is first applied

<ul style="list-style-type: none"> Amendments to IFRS 10 <i>Consolidated Financial Statements</i>, IFRS 12 <i>Disclosures of Interests in Other Entities</i> and IAS 27 <i>Separate Financial Statements</i> relating to exception from the requirement to consolidate subsidiaries for eligible Investment Entities. 	January 1, 2014
<ul style="list-style-type: none"> IFRIC 21 <i>Levies</i>. 	January 1, 2014
<ul style="list-style-type: none"> Amendments to IAS 36: <i>Impairment of Assets</i> relating to the disclosure of information about the recoverable amount of impaired assets if the amount is based on fair value less cost of disposal. 	January 1, 2014

The Directors anticipates that, where applicable, the above Standards and Interpretations will be adopted in the Bourse's financial statements for the future periods and that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Bourse in the period of initial application.

3. Significant Accounting Policies

3.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and the applicable requirements of the Bahrain Commercial Companies Law 2001 and The Central Bank of Bahrain ("CBB") and Financial Institute Law and The CBB Rule Book (Volume 6).

3.2 Basis of Preparation

The financial statements are prepared under the historical cost convention. The accounting policies are consistent with those used in the previous period.

The financial statements have been presented in the Bahraini Dinar ("BD"), being the functional currency of the Bourse.

The significant accounting policies adopted are as follows:

3.3 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses.

The cost of property and equipment is depreciated by equal annual installments over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

Fixtures	15 years
Furniture, Tools and Equipment	5 – 10 years
Computers	5 years
Vehicles	5 years

The gain or losses arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Capital work-in-progress

Capital work in progress is not depreciated until the asset under construction is complete and transferred to its relevant category in the property and equipment.

3.4 Impairment of Tangible Assets

At each reporting date, the Management reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash – generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss previously recognised. The reversal of the loss is recognized immediately in profit or loss.

3.5 Financial Assets

Financial assets are classified based on the nature and purpose of the financial assets and determined at the time of initial recognition.

3.5.1 Receivables

Receivables that have fixed or determinable payments are classified as receivables. Receivables are measured at amortised cost using the effective interest method, less any impairment.

3.5.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.5.3 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

For all the financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in payment; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Bourse's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Subsequently recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.5.4 Derecognition of financial assets

The Bourse derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bourse neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bourse recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bourse retains substantially all the risks and reward of ownership of a transferred financial asset, the Bourse continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The difference between the carrying amount of the financial asset derecognised and the sum of the consideration received and receivable is recognised in profit or loss.

3.6 Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.6.1 Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

3.6.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.6.3 Derecognition of financial liabilities

The Bourse derecognises financial liabilities when, and only when, the Bourse's obligations are discharged, cancelled or they expire.

The difference between the carrying amount of the financial liability derecognised and the sum of the consideration paid and payable is recognised in profit or loss.

3.7 Offsetting Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and reported on a net basis in the statement of financial position when a legally enforceable right to set-off such amounts exists and when the Bourse intends to settle on a net benefits or to realise the assets and settle the liabilities simultaneously.

3.8 Provision for Employees' End-of-Service Benefits

The Bourse provides end-of-service benefits to all its expatriate employees in accordance with the Bahrain Labour Law. The entitlement to these benefits is based upon the employee's final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of the employment.

For Bahraini employees, the Bourse makes contributions to the Social Insurance Organisation calculated as a percentage of the employees' salaries. The Bourse's obligations are limited to these contributions, which are expensed when due.

3.9 Provisions

Provisions are recognised when the Bourse has a present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

3.10 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the invoiced value of services provided in the normal course of business, net of discounts and returns.

Revenues from subscription fees, registration fees, services, dealing commission and other revenue are recognised when due.

Grants received for specific purposes are recognised as liabilities until the fulfilment of its purpose and then recognised as revenues.

Advances from customers of electronic display screen are recorded as liabilities when received and recognised as revenues over the period of display agreed on.

Interest income

Interest income is recognised when accrued on effective yield method.

3.11 Operating Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases.

Bourse as a lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.12 Foreign currencies

The functional currency of the Bourse is the Bahraini Dinar. Transactions in foreign currencies are recognised in functional currencies at the rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

3.13 Contingent Assets and Liabilities

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Bourse's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical

experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

In the process of applying the entity's accounting policies, which are described in Note 3, and due to the nature of operations, the management did not have to make judgements that may have a significant effect on the amounts recognised in the financial statements.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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:

4.2.1 Useful lives of tangible assets and impairment of tangible assets

The Bourse's management determines the useful lives of tangible assets and the related depreciation charge. The depreciation charge for the year will change significantly if the actual life is different from the estimated useful life of the asset.

The review carried out by the management in the current year did not indicate any necessity for changes in the useful lives of the tangible assets.

The Bourse's management tests annually whether tangible assets have suffered impairment in accordance with the accounting policies stated in Note 3. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

4.2.2 Impairment of financial assets

The Bourse's management reviews annually items classified as receivables to assess whether a provision for impairment should be recorded in profit or loss. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty. The actual result may differ resulting in future change to such provisions.

5. Property and Equipment

Bahraini dinars

	Fixtures	Furniture, Tools and Equipment	Computers	Vehicles	Capital Work-in- progress	Total
Cost:						
At December 31, 2011	3,124,654	1,225,137	1,959,094	7,435	-	6,316,320
Additions	-	12,981	35,134	10,000	265,129	323,244
Reclassification	5,000	-	(5,000)	-	-	-
Write off	-	(65,690)	(330,466)	-	-	(396,156)
At December 31, 2012	3,129,654	1,172,428	1,658,762	17,435	265,129	6,243,408
Additions	-	17,709	53,287	-	871,439	942,435
At December 31, 2013	3,129,654	1,190,137	1,712,049	17,435	1,136,568	7,185,843
Accumulated Depreciation:						
At December 31, 2011	243,183	327,345	1,556,288	7,435	-	2,134,251
Charge for the Year	208,193	157,451	160,444	999	-	527,087
Reclassification	583	-	(583)	-	-	-
Write off	-	(62,282)	(330,441)	-	-	(395,723)
At December 31, 2012	451,959	419,514	1,385,708	8,434	-	2,265,615
Charge of the year	208,141	159,027	110,113	2,000	-	479,281
At December 31, 2013	660,100	578,541	1,495,821	10,434	-	2,744,896
Carrying Amounts:						
At December 31, 2013	2,469,554	611,596	216,228	7,001	1,136,568	4,440,947
At December 31, 2012	2,677,695	752,914	273,054	9,001	265,129	3,977,793
At December 31, 2011	2,881,471	897,792	402,806	-	-	4,182,069

Capital work-in-progress represents the amounts paid for the external price moving bar and the design and study contracts related to the trading and the accounting system.

6. Accounts Receivable

Bahraini dinars

	2013	2012	2011
Subscription and registration fees	351,469	358,432	246,295
Commission receivable	28,467	59,102	16,211
Services fees receivable	25,045	57,787	23,835
	404,981	475,321	286,341
Allowance for doubtful debts	(317,909)	(274,345)	(221,145)
	87,072	200,976	65,196

There is no concentration of receivables at the reporting date.

The average credit period is 60 days. No interest is charged on the trade receivables. The Bourse provides for receivables more than 60 days base on estimated irrecoverable amounts, determined by reference to past default experience.

Included in the Bourse's accounts receivable balance are debtors with a carrying amount of BD 59,183 (2012: BD 151,922 and 2011: BD 50,747) which are past due at the reporting date for which Bourse has not provided for as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of past due but not impaired

Bahraini dinars

	2013	2012	2011
61-180 days	2,393	25,123	971
181 - 365 days	25,677	116,952	-
Over than 365 days	31,113	9,847	49,776
	59,183	151,922	50,747

The recoverability of past due and not impaired assets is expected by reference to past experience. The Bourse does not hold any collateral over these balances.

Movement in the allowance for doubtful debts:

Bahraini dinars

	2013	2012	2011
Balance at beginning of the year	274,345	221,145	155,330
Additional provision recognised	52,396	53,200	65,961
Amounts received during the year	(8,832)	-	-
Amounts written off during the year	-	-	(146)
Balance at end of the year	317,909	274,345	221,145

Ageing of impaired trade receivables:

Bahraini dinars

	2013	2012	2011
Less than 30 days	3,366	4,434	3,990
31- 180 days	21,834	22,166	19,949
181 - 365 days	26,200	26,600	23,939
Over 365 days	265,509	221,145	173,267
	317,909	274,345	221,145

7. Transactions with Related Parties

Transactions with shareholders, Board of Directors and key management personnel of the Bourse were classified as transactions with related parties. Pricing policies and terms of these transactions are approved by Bourse's management.

Transactions with related parties are defined in IAS 24. Pricing Policies and terms of these transactions are approved by Bourse's management.

7.1 Receivables from related party:

Bahraini dinars

	2013	Restated 2012	Restated 2011
Ministry of Finance	200,000	418,520	418,520

The members of the Board of Directors consider the balances above as current assets.

7.2 The Bourse has received an amount of BD 30,000 as a grant from Government of Bahrain related to 2014. This amount was recorded as deferred revenue (Note 15).

7.3 Transactions with related parties included in the statement of profit or loss and other comprehensive income:

The Bourse has received grants from the following governmental entities to support the Bourse in settlement of its financial commitments:

Bahraini dinars

	2013	2012
Government of Bahrain	1,781,480	2,000,000
Central Bank of Bahrain	-	500,000
	1,781,480	2,500,000

7.4 Transactions with key management personnel:

Key management personnel are those having the authority and responsibility of planning and directing the Bourse's operation. Key management personnel include board members, chief executive officer and vice chief executive officer / head of operations.

There were no trading transactions between the key management personnel and the Bourse during the period.

Bahraini dinars

	2013	2012
Salaries	152,225	113,876
Allowances for attendance of board and committee meetings, 2013*	64,000	40,000
Allowances for attendance of board and committee meetings, 2012	24,000	-
	240,255	153,876

*Allowances for attendance of board and committee meeting of 2013 represent accruals subject to the Shareholder's approval.

8. Prepayments and other receivables

Bahraini dinars

	2013	2012	2011
Prepaid expenses	52,239	49,876	199,307
Interest receivable	9,276	22,404	4,320
	61,515	72,280	203,627

9. Cash and Bank Balance

Bahraini dinars

	2013	2012	2011
Petty cash	1,550	1,385	552
Bank current accounts	255,637	442,575	271,894
Short term deposits	1,128,100	3,147,580	2,156,806
Cash and cash equivalents	1,385,287	3,591,540	2,429,252
Short term bank deposit (maturity date more than 3 months)	3,222,231	700,163	-
Balance at year end	4,607,518	4,291,703	2,429,252

(i) The period of original maturity of short term deposit varies between 30 to 180 days (2012: 30 to 180 days and 2011: 30 to 90 days) and earn interest at rates which range between 1.4% and 3.25 % (2012: between 1% and 3.7% and 2011: between 2.5% and 3.25%) per annum. All current account bank balances and bank fixed deposits are denominated in Bahraini Dinars.

(ii) The current account balances with banks non-interest bearing.

10. Share Capital

The share capital of the Bahrain Bourse consists of 10,000,000 authorised share of BD 1 each. The share capital issued and fully paid consists of 2,000,000 share fully owned by the Government of Bahrain.

11. General Reserve

The Bourse's Board of Directors has resolved to transfer an amount of BD 500,000 from the retained earnings as at December 31, 2013 (As of December 31, 2012: BD 500,000) to the general reserve. There is no restriction regarding the distribution of such reserve.

12. Statutory Reserve

As required by the Bahrain Commercial Companies Law and the Company's Articles of Association 10% of the profit for the year is to be transferred to a statutory reserve until the reserve's balance reaches 50% of the issued share capital. The Bourse may resolve to discontinue such transfers when reserve equals 50% of the issued share capital. The reserve is not available for distribution, except in the circumstances stipulated in the Bahrain Commercial Companies Law.

13. Provision for Employees' End-of-service benefits

The movement in the provision for employees' end-of-service benefits is as follows:

Bahraini dinars

	2013	2012	2011
Balance at the beginning of the year	8,903	2,323	2,661
Additional provision recognised	10,560	8,593	6,898
Settlements	-	(2,013)	(7,236)
Balance at end of the year	19,463	8,903	2,323

14. Accrued and other payables

Bahraini dinars

	2013	2012	2011
Payable for the Bourse's new Premises	171,800	185,610	203,385
Trading system project	14,017	-	-
Staff related expenses and other benefits	106,135	125,930	70,622
Remuneration payable to Board of Directors	64,000	40,000	40,000
Service fee	61,818	246,344	36,010
Leave and air tickets payable	68,346	61,647	21,796
Others	23,679	14,511	16,731
	509,795	674,042	388,544

15. Deferred Revenue

Bahraini dinars

	2013	2012	2011
Electronic display boards	339,889	460,555	556,222
Publication and advertising	41,044	26,548	6,333
Grant received from Government of Bahrain (Note 7.2)	30,000	-	-
	410,933	487,103	562,555

16. Dealing Commission

Bahraini dinars

	2013	2012
Commission from ordinary dealings	226,193	121,268
Commission from exempted and special dealings	75,883	70,531
	302,076	191,799

17. Other Income

Bahraini dinars

	2013	2012
Deposit and central depository income	37,641	17,226
Remote trading income	23,400	24,150
Trading data income	49,502	51,706
Investor guide income	12,200	11,000
Trading display board income	145,667	145,667
Other trading	53,476	34,601
	321,886	284,350

18. General and Administrative Expenses

Bahraini dinars

	2013	2012
Rent	573,887	561,358
Services	611,647	554,477
Consumables	33,560	36,175
Conferences and subscription	39,507	41,280
Consulting Services	59,805	25,650
Other	22,026	20,146
	1,340,432	1,239,086

19. Emergency Expenses

Emergency expenses represent the early retirement voluntary program for the employees of Bahrain Bourse. This program was approved by the Board of Directors and the total cost is BD 157,454.

20. Operating Lease Arrangements

20.1 Leasing arrangements and capital commitments

Leased Premises

The operating lease relates to the rent of the Bourse's new premises for a period of 5 years.

The Bourse doesn't have the option to purchase the leased property at the expiry of the lease period. The lease term expires on September 30, 2017. Also, the operating lease relates to the operating lease of the Bourse's office in Amwaj Island, for the business continuity centre for a period of one year and the contract expires on September 30, 2014.

Payments recognised as an expense:

Bahraini dinars

	2013	2012
Minimum lease payments	573,887	561,358

Non-cancellable operating lease commitments:

Bahraini dinars

	2013	2012	2011
Not later than 1 year	566,080	-	406,980
1 to 5 years	1,492,260	-	-
	2,058,340	-	406,980

20.2 Capital commitments

Bahraini dinars

	2013	2012	2011
Capital commitments	1,342,607	223,384	319,796

Capital commitments represents the amounts of contracts related to the capital work-in-progress with respect to the external price moving bar design and study system and to the trading and accounting system.

21. Financial Instruments

21.1 Capital risk management

The Bourse's objectives when managing capital are to safeguard the Bourse's ability to continue as a going concern in order to provide benefits for stakeholders.

The capital structure of the Bourse consists of accumulated surplus. The Bourse is debt free at the reporting dates.

21.2 Significant accounting policies

Significant accounting policies and methods adopted, including the criteria for recognition, basis of measurement, and the basis on which income and expenses are recognised in respect of each class of financial assets and financial liabilities are set out in Note 3.

21.3 Categories of financial instruments

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Bourse include cash, bank balances, accounts and other receivables and due from related parties.

Financial liabilities of the Bourse include payables and accrued liabilities.

Bahraini dinars

	2013	(Restated) 2012	(Restated) 2011
Financial assets:			
Receivables at amortised cost (including cash and bank balances)	4,903,866	4,933,603	2,917,288
Financial liabilities:			
Amortised cost	539,121	709,611	481,538

21.4 Financial risk management objectives

The finance function of the Bourse monitors and manages the financial risks relating to the operations of the Bourse through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk. The risk associated with financial instruments and the Bourse's approaches to managing such risks are described below:

21.5 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risks arise from open positions in foreign currency, interest rate and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as foreign exchange rates, interest rates and equity prices.

21.5.1 Currency risk

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

The Bourse's financial assets and financial liabilities are denominated in Bahraini Dinars and United States Dollars. As the Bahraini Dinar is pegged to the United States Dollar, balances in the US Dollar are not considered to represent a significant currency risk.

21.5.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Bourse is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Bourse is exposed to interest rate risk in respect of its financial assets.

The Management reviews the market analysis and expectations for interest rate movements as the basis.

Interest rate sensitivity

If interest rates relating to financial assets had been 25 basis points higher/lower and all other variables were held constant, the Bourse's profit for the year would increase/decrease by BD 10,876 (2012: BD 9,619).

21.5.3 Other price risks

The Bourse is not exposed to any significant other price risks.

21.6 Credit risk management

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 concentration of credit risk is disclosed in Note 6. The Bourse seeks to limit its credit risk by defining credit limits that are monitored regularly and establishing a settlement period for these individual accounts receivable, in addition to the standard process of receivables review.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international rating agencies. The carrying values of financial assets at the reporting date represent the Bourse's maximum exposure to credit risk.

21.7 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 liabilities.

Management monitors the liquidity requirements on a monthly basis and ensures that sufficient funds are available.



The following table details the Bourse's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Bourse can be required to pay. The tables include both interest, if applicable, and principal cash flows.

Bahraini dinars

	1 - 3 months	3 months to 1 year	Total
2013			
Non-interest bearing Amortised cost	282,248	256,873	539,121
2012			
Non-interest bearing Amortised cost	462,351	247,257	709,608
2011			
Non-interest bearing Amortised cost	256,357	225,181	481,538

The following table details the Bourse's expected maturity for its financial assets. The table below has been drawn up based in the undiscounted contractual maturities of the financial assets including interest, if applicable, that will be earned on those assets except where the Bourse anticipates that cash flow will occur in a different period.

Bahraini dinars

	Weighted average effective interest / profit rate %	1 - 3 months	3 months to 1 year	Total
2013				
Non-interest earning				
Receivables (including bank balances)	-	1,150,856	3,234,775	4,385,631
Interest earning				
Deposits	2.461%	722,851	38,573	761,424
		1,873,707	3,273,348	5,147,055
2012 (Restated)				
Non-interest earning				
Receivables (including bank balances)	-	655,990	429,870	1,085,860
Interest earning				
Deposits	2.7%	3,157,655	703,806	3,861,461
		3,813,645	1,133,676	4,947,321
2011 (Restated)				
Non-interest earning				
Receivables (including bank balances)	-	341,962	418,520	760,482
Interest earning				
Deposits	2.8%	2,162,671	-	2,162,671
		2,504,633	418,520	2,923,153

21.8 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximated their fair values as at the reporting dates.

There are no financial assets or financial liabilities carried at fair value as at the reporting dates.

22. Restatement of Comparative Financial Information

In 2006, the Government of Bahrain transferred its ownership in the shares of some companies listed in Bahrain Bourse to Bahrain Mumtalakat Holding Company. This process took place outside the framework of the Bourse according to article (4) of the Decree Law (4) for the year 1987, related to the establishment and organisation of the Bahrain Stock Exchange which refers to the exchange of the listed securities should take place through the Bourse.

The management confirm the Bourse's right to receive the commission fees and consider the transfer of ownership is subject to commission of cases excluded from trading and special transactions. Therefore, the Bourse has claimed a total amount of BD 418,520 from the Ministry of Finance and BD 418,520 from Mumtalakat Holding Company.

The Bourse received from the Ministry of Finance on December 23, 2013 an amount BD 218,520 out of the transfer commission and the remaining amount of BD 200,000 is to be paid in 2014. (To be noted that the remaining has been received from the Ministry of Finance during January 2014).

The amount due from the Ministry of Finance has been recorded retroactively by restating the comparative figures of the financial statements as of December 31, 2011 and December 31, 2012 on accordance with IAS 8: Accounting Policies - changes in Accounting Estimates and Errors. The Bourse has not recorded the amount due from Mumtalakat Holding Company up to the date of the financial statements not withstanding despite the Bourse's legal right to collect this commission.

The following represents the effect of the restatement on the statement of financial position:

Bahraini dinars

	Dec. 31, 2012		Dec. 31, 2011	
	Restated	As previously stated	Restated	As previously stated
Statement of financial position				
Receivables from a related party (Note 7)	418,520	-	418,520	-
Retained earnings	3,987,222	3,568,702	3,134,156	2,715,636

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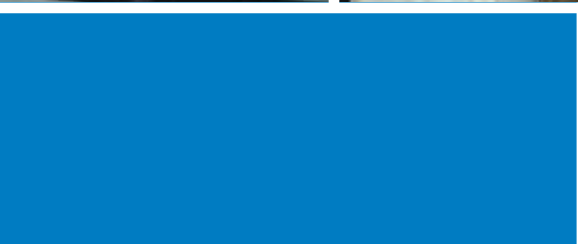


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