

Annual Report



2016

Bahrain Bourse

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2016



**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

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2016

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VISION & MISSION



2016

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



Abdulkareem Ahmed Bucheery
Chairman



Bahrain Bourse's efforts to spread investment awareness continued, in which various events and seminars were conducted to highlight trading and investment opportunities available at BHB.



Bahrain Bourse (BHB) continued its achievements on the legislative and technical level in 2016 with the aim of enhancing its competitiveness and attractiveness on the local, regional, and international level and boosting its capabilities to provide more investment options to both issuers of securities as well as investors in order to enhance opportunities available to all stakeholders and ensure protection of investor rights. Those objectives have been achieved despite the unstable factors that have affected the capital markets and GCC stock exchanges due to the volatility of oil prices.

On the legislative front, the Market Making Rules and Guidelines were approved in order to regulate the market making function in line with international standards. The Rules and Guidelines were implemented by approving the first market maker at BHB, paving the way for other companies to join.

In addition, the Guidelines on the Trading of Treasury Bills (T-Bills) at Bahrain Bourse were approved, resulting in the creation of a secondary T-Bills market for the first time in the Kingdom of Bahrain.

On the technical level, Bahrain Bourse also succeeded in transferring the paper share certificates of all listed companies to the electronic records and depositing

2016

them in the Bourse's Central Depository System leading to the upgrade of Bahrain Bourse's CSD services rating by Thomas Murray from A-, CSD Flash Impact: "Stable", to CSD Rating: AA-, Flash Impact: "Positive".

Moreover, a new market was created for Mutual Funds and Real Estate Investment Trusts "REITs" which opened the door for a wider range of investors to benefit from the opportunities available in the Real Estate sector at minimal ticket sizes. The launch of the Treasury Bills Market marked a milestone for BHB which allowed investors to deal in both the primary and secondary markets of those instruments through Bahrain Bourse. In addition to the new markets and instruments, BHB's new website was launched with an interactive interface to offer comprehensive solutions to BHB's clientele base.

With regards to the listings, 2016 witnessed the listing of Eskan Bank Units of the Eskan Bank Realty Income. In addition, 4 Bond issues and 42 T-Bill issues were listed. A new brokerage company also joined the list of licensed brokers at BHB this year.

Bahrain Bourse's efforts to spread investment awareness continued, in which various events and seminars were conducted to highlight trading and investment opportunities available at BHB.

Looking into Bahrain Bourse's financial performance in 2016, BHB's total revenue increased from BD2,843,480 to BD2,917,421 reporting an increase of 2.6%. Bahrain Bourse's deficit decreased by 17% from BD1,092,897 in 2015 to BD847,595 in 2016. Shareholders' equity also declined from BD8,061,178 as of 31st December 2015 to BD7,213,583 posting a decrease of 10.5% as a result of the deficit reported by BHB during 2016.

On behalf of myself and Bahrain Bourse's Board of Directors and staff, I would like to express my thanks and sincere appreciation 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. Zayed bin Rashid Al-Zayani, the Minister of Industry, Commerce, and Tourism for his support to the Bourse and its various initiatives and programs. I also thank the Chairman and Board Members of the Central Bank of Bahrain (CBB), and H.E. the Governor of the CBB for their ongoing 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 and commitment during the year, hoping that such efforts will continue to develop the bourse further.

Abdulkareem Ahmed Bucheery
Chairman

CEO'S MESSAGE



Sh. Khalifa bin Ebrahim Al-Khalifa
Chief Executive Officer

This year, a unique achievement has been made by transferring the paper share certificates of all listed companies at Bahrain Bourse to electronic records and depositing them in the Bourse's Central Depository System. Consequently, Bahrain Bourse's CSD services rating by Thomas Murray was upgraded to: AA-, Flash Impact: "Positive".

In 2016, the majority of trading indicators ended the year positively in spite of a difficult year for the GCC financial markets and Bourses, including Bahrain Bourse (BHB). Accordingly, BHB's positive performance reflected investors' confidence in the performance of public shareholding companies, the solid legal infrastructure of the Bourse, and the credibility of Bahrain Bourse's systems and procedures.

Bahrain All Share's Index ended the year 2016 with a slight increase of 0.38% than the previous year, while Bahrain Islamic Index rose by 11.18%. The value of shares traded increased by 13.17% in comparison to 2015, and the volume of shares traded also increased by 42.45%, whereas the number of transactions executed in 2016 decreased by 5.83% compared to 2015.

During 2016, Bahrain Bourse continued its achievements in various areas by implementing the projects approved in BHB's strategic plan, along with other projects intended to improve the investment environment of Bahrain Bourse in particular and the capital markets sector in the Kingdom of Bahrain in general and enhance the accessibility of issuers of securities and investors to the investment opportunities available at the Bourse. This year, Bahrain Bourse, in cooperation with the Central Bank of Bahrain, finalized the requirements for launching the Treasury Bills (T-Bills) Market that resulted in the listing of 42 T-Bill issues with a total value of BD2.82 billion. The listing of the T-Bills allowed individual investors to invest in the primary and secondary market of those instruments. Prior to that, investing in T-bills was limited to financial institutions only through the primary market.

Besides the T-Bills Market, Bahrain Bourse completed the legislative, technical, and administrative requirements for launching the REITs and Funds Instruments Market. As a result, the Kingdom of Bahrain witnessed the first Real Estate Investment Trust (REIT) Initial Public Offering (IPO), namely Eskin Bank Units of the Eskin Bank Realty Income. This listing opened the door for a wide range of investors to benefit from the investment opportunities available in the real estate sector at minimal ticket sizes. This market also provides an excellent opportunity for real estate developers to finance real estate projects as well as asset managers.

In line with Bahrain Bourse's commitment to undertake procedures to enhance the investment environment of the capital markets sector according to International Standards, the Bourse approved Securities & Investment Co. (SICO) as the first Market Maker at Bahrain Bourse. Providing SICO with its Market-Making services served as a great step towards enhancing the depth of the market in a way that reflected positively on the trading activity. During 2016, a new brokerage company "Tradeline Securities" joined Bahrain Bourse as one of the licensed brokers at the Bourse.

This year, a unique achievement has been made by transferring the paper share certificates of all listed companies at Bahrain Bourse to electronic records and depositing them in the Bourse's Central Depository System. Consequently, Bahrain Bourse's CSD services rating by Thomas Murray was upgraded to: AA-, Flash Impact: "Positive". This upgrade enhances Bahrain Bourse's investment position and its credibility among portfolio managers on the regional and international level, and contributes to attracting more investments to the shares market.

Bahrain Bourse's new website was launched providing enhanced services to investors which included an interactive interface that provides comprehensive trading information to issuers of securities, investors and market data providers.

As part of Bahrain Bourse's vision of strengthening relations between capital markets and bourses to activate and facilitate the exchange experience and expertise, Bahrain Bourse signed an MOU with the Egyptian Exchange at the Arab Republic of Egypt with the presence of the Minister of Industry, Commerce, & Tourism H.E. Zayed bin Rashid Alzayani. The MOU aims at facilitating double entry process between the two bourses, as well as cooperation in enhancing the technological infrastructure and informatics for the Bahrain Bourse to contribute to facilitating the flow of investment between the two countries.

Moreover, Bahrain Bourse has enhanced its focus in the area of trading training skills by expanding the "TradeQuest" Program to include a larger number of government schools, private schools, and universities. It is worth noting that the TradeQuest Program is one of the biggest awareness programs targeting students in the region. In addition, a monthly awareness quiz

was also launched to the public. Bahrain Bourse has also extended its social media outreach to the public, and conducted several awareness workshops and seminars for employees in government and private institutions which contributed to spreading awareness on the concept of investment and saving among participants.

Bahrain Bourse's financial performance for 2016 totaled BD2,917,421 in revenue compared to BD2,843,480 in 2015, while the total expenses reached BD3,765,016 in 2016 in comparison to BD3,864,377 in 2015. BHB recorded a deficit of BD847,595 as compared to a deficit of BD1,020,897 in 2015.

The Bourse's total assets decreased to BD7,640,717 compared to BD8,522,869 in 2015, while the total liabilities in 2016 were BD427,134 against to BD461,691 in 2015. Shareholders' equity also decreased from BD8,061,178 in 2015 to BD7,213,583 in 2016.

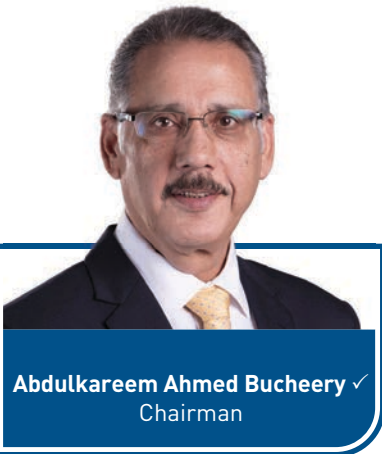
On behalf of myself and Bahrain Bourse's employees, I would like to express my sincere thanks and gratitude to His Majesty King Hamad bin Isa Al Khalifa, and to His Royal Highness Prince Khalifa bin Salman Al Khalifa, Prime Minister, and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince, 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 previous Chairman and members of BHB's Board of Directors for their efforts in developing the Bourse and their support during their membership. 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.

Sh. Khalifa bin Ebrahim Al-Khalifa

Chief Executive Officer

BOARD OF DIRECTORS





- * Member of the Executive Committee
- # Member of the Audit & Risks Committee
- ✓ Member of the Nomination, Remuneration & Corporate Governance Committee

MANAGEMENT TEAM



Khalifa Bin Ebrahim Al Khalifa
Chief Executive Officer



Narjes Farookh Jamal
Executive Director of Operations



Ebrahim Jaffar Al Aradi
Director of Market Control
& Members Affairs



Abdulla Jaffar Abdin
Director of Central
Securities Depository

MANAGEMENT TEAM



Mohammed Khalid Hamed
Director of Internal Audit



Abdulrahman Abdulla Al-Shafei
Director Of Risk & Compliance



Syed Adel Javaid
Director of
Information Technology



Hani Husain Al Mandeel
Director of Marketing &
Business Development



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

WORLD STOCK MARKETS

PERFORMANCE DURING 2016

The majority of global financial markets experienced a slowdown in 2016, where the GDP growth rate of the global economy declined to 3.1% during 2016 compared to 3.2% in 2015 while the inflation rate worldwide amounted to 3.2% against to 2.9% in 2015. In addition, the US economy fell down by 1.6% in 2016 compared to 2.6% in 2015. The interest rate of the Federal Reserve Bank rose from 0.50% in 2015 to 0.75% at the end of 2016.

Moreover, the economies of the European Union posted a 1.5% growth in 2016 against 1.2% in 2015, and the European Central Bank decreased the interest rate to 0.00% in March 2016 compared to 0.05% in 2015. The Central Bank of England also decreased its interest rate to 0.25% in December 2016 against following maintaining a rate of 0.5% since 2009.

The Real GDP Growth at Constant Prices %

COUNTRY	2016	2015
United States	1.6	2.6
United Kingdom	1.8	2.2
Germany	1.7	1.5
France	1.3	1.3
Japan	0.5	0.5
China	6.6	6.9

In Asia, China's economic growth declined to 6.8% in 2016 compared to 6.9% in 2015. Similarly, the Japanese economy decreased by 0.5% in 2016, following maintaining the Central Bank's interest rate at 0.1%. On the other hand, the Middle East and North Africa (MENA) economy witnessed a growth of 3.3% in 2016 compared to 1.6% in 2015.

With regards to oil prices, Brent price increased at the end of the year by US\$17.07 per barrel to close at US\$54.66 compared to US\$37.59 at the beginning of the year, posting 45.41% growth. Oman's oil price also increased by US\$20.95 per barrel to close at US\$54.26, and posted a 62.89% increase during the same period.

WORLD STOCK MARKETS

PERFORMANCE DURING 2016 (continued)

Regarding currency prices, the Euro decreased against the U.S. Dollar by 3.20%, and the Sterling Pound decreased by 16.30% against the U.S. Dollar compared to the beginning of the year. In addition, the Yen decreased by 2.85% during the same period.

With regards to the price of metals, the price of gold was up by 8.54% to reach US\$1,151.46 per ounce posting an increase of US\$90.55 per ounce in comparison to its price at the beginning of last year. The price of silver also increased during the same period by 15.21%.

On the financial markets front, the British FTSE100 index rose by 14.43% followed by the S&P500 index with a growth of 9.54%, the German DAX by 6.87%, the French CAC40 by 4.86%, the Nikkei Japanese index by 0.42% while the Shanghai Chinese index decreased by 12.31%.

Performance of International Financial Markets

Market	2016	2015	Growth (%)
UK (FTSE100)	7,142.83	6,242.32	14.43
US (S&P500)	2,238.83	2,043.94	9.54
Germany (DAX)	11,481.06	10,743.01	6.87
France (CAC40)	4,862.31	4,637.06	4.86
Japan (NIKKEI225)	19,114.37	19,033.71	0.42
China (SHANGHAI)	3,103.64	3,539.18	(12.31)

The Arabian Market

The real GDP of the Middle East and North Africa region increased by 3.3% in 2016 against 1.6% in 2015 according to the International Monetary Fund (IMF). With regards to the real GDP of the Arabian Economies, Egypt, Jordan, and Qatar reported the highest growth rates of 3.8%, 2.8%, and 2.6% respectively.

WORLD STOCK MARKETS

PERFORMANCE DURING 2016 (continued)

The Real GDP Growth at Constant Prices (%)

Country	2016	2015
Jordan	2.8	2.4
Morocco	1.8	4.5
Egypt	3.8	4.2
Lebanon	1.0	1.0
GCC Countries		
Qatar	2.6	3.7
Kuwait	2.5	1.1
Saudi Arabia	1.2	3.5
Oman	1.8	3.3
UAE	2.3	4.0
Bahrain	2.1	2.9

With regards to the performance of Arab financial markets, all markets reported growth in their performance during 2016.

Arab Stock Markets Performance in 2016

Markets (Points)	2016	2015	Annual Performance (%)
Egypt	12,344.89	7,006.01	76.20
Morocco	11,644.22	8,925.71	30.46
Lebanon	1,212.73	1,169.52	3.69
Jordan	2,170.29	2,136.32	1.59
GCC Countries			
Dubai	3,530.88	3,151.00	12.06
Muscat	5,782.71	5,406.22	6.96
Abu Dhabi	4,546.37	4,307.26	5.55
Saudi Arabia	7,210.43	6,911.76	4.32
Kuwait	5,748.09	5,615.12	2.37
Bahrain	1,220.45	1,215.89	0.37
Qatar	10,436.76	10,429.36	0.07

WORLD STOCK MARKETS

PERFORMANCE DURING 2016 (continued)

The Local Market

The GDP growth of Kingdom of Bahrain was 2.1% in 2016 compared to 2.9% in 2015, while the inflation rate reached 4.4% in 2016 compared to 0.7% in 2015.

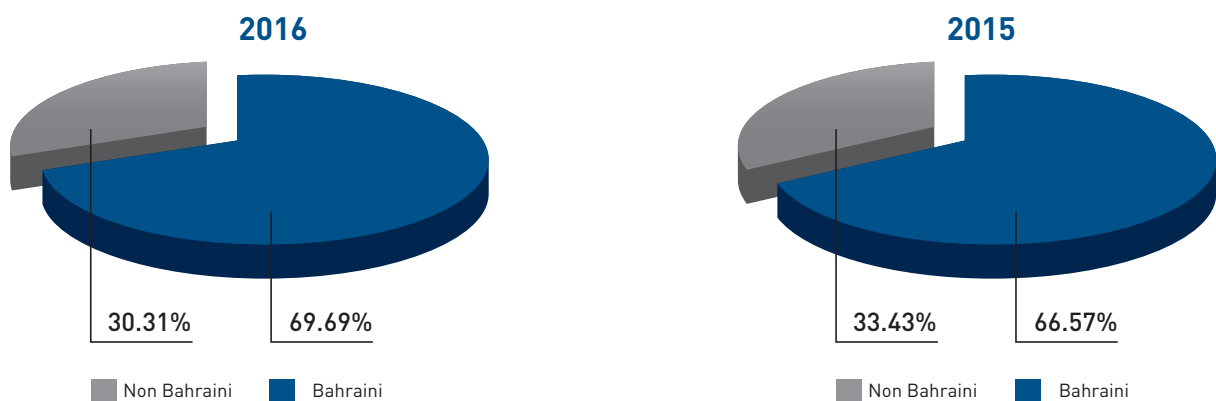
Bahrain All Share Index increased by 0.37% to close at 1,220.45 points at the end of 2016 thereby ending the year up by 4.56 points. As for the shares prices at the end of the year, the prices of 9 companies increased, while the share prices of 10 companies remained unchanged, and the share prices of 25 companies decreased. The trading activity witnessed an increase in the value of shares traded by 13.17% compared to 2015. The number of transactions declined by 5.83% compared to last year, while the volume of shares traded increased by 42.45%.

The Commercial Banks Sector comprised 52.44% of the total trading value followed by the Services Sector comprising 19.80%, Investment Sector 14.28%, Insurance Sector 9.29%, Industrial Sector 2.12%, and the Hotels & Tourism Sector 2.06%. Ahli United Bank came on top of the most active companies in terms of the value of shares traded, in which the trading value was BD30.38 million capturing around 24.41% of the total trading value at the Bourse, followed by Khaleeji Commercial Bank comprising 10.19%, Al Ahlia Insurance Company 8.83%, BBK 6.80%, and Bahrain Telecommunication Company (Batelco) 6.13%.

As for the volume of shares traded, the Commercial Banks Sector represented 70.46% of total trading volume followed by the Services Sector with 13.61%, Insurance Sector 6.57%, Industrial Sector 1.17%, and Hotels & Tourism Sector 0.68%. Khaleeji Commercial Bank came first among the most active companies in terms of the volume of shares traded with 195.05 million shares traded, comprising 26.56% of the total shares traded at the Bourse, followed by Ahli United Bank with 17.20%, Ithmaar Bank 13.64%, Al Salam Bank 8.61%, and Al Ahlia Insurance Company 6.17%.

Trading by nationality figures show that Bahrainis comprised 69.69% of the total value of shares traded, while other nationalities comprised 30.31% of the total value of shares. The year 2016 ended with a total of 44 listed companies, 19 mutual funds, 12 Bonds/Sukuks, and 42 Treasury Bills and Short Term Islamic Ijarah Sukuk.

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



WORLD STOCK MARKETS

PERFORMANCE DURING 2016 (continued)

Market Capitalization

The market capitalization of Bahraini public shareholding companies listed on the Bourse increased to BD7.24 billion compared to BD7.20 billion at the beginning of the year, posting a growth of 0.67%. The Commercial Banks Sector accounted for 48.49% of the total market capitalization, followed by the Investment Sector with 26.42%, Services Sector 13.87%, Industrial Sector 6.54%, Hotels & Tourism Sector 2.74%, and Insurance Sector 1.94%. On the other hand, the Investment Sector reported a growth in the market capitalization of 11.13% compared to the beginning of the year. The market capitalization of the Commercial Banks Sector was also up by 0.90%, while the rest of the sectors recorded varied declines in their market capitalization, where the Services Sector decreased by 8.29% followed by the Insurance Sector 4.11%, Insurance Sector 10.36%, Hotels & Tourism Sector 1.84%, and the Industrial Sector that recorded the highest decline by 13.49%.

Market Capitalization among Sectors (Million Dinars)

Sector	2016	2015	Change (%)	Relative Weight (%)
Commercial Banks	3,514.83	3,483.48	0.90	48.49
Investment	1,914.78	1,723.04	11.13	26.42
Services	1,005.53	1,096.38	(8.29)	13.87
Industrial	473.972	547.91	(13.49)	6.54
Hotels & Tourism	198.47	202.19	(1.84)	2.74
Insurance	140.863	146.90	(4.11)	1.94
Total Market	7,248.44	7,199.91	0.67	100.00

WORLD STOCK MARKETS

PERFORMANCE DURING 2016 (continued)

Financial Indicators

The financial indicators among sectors varied. The table below presents the growth of financial indicators at the end of 2016 compared to 2015.

Financial Indicators

Sector	P/E (%)		Div. Yield (%)		P/BV (%)	
	2016	2015	2016	2015	2016	2015
Commercial Banks	9.8	10.55	4.98	4.51	1.21	1.28
Investment	6.89	6.88	1.26	4.93	0.63	0.56
Insurance	13.01	8.74	3.17	7.69	0.71	0.7
Services	10.33	10.92	6.89	6.38	1	1.11
Industrial	7.71	5.57	3.5	7.2	0.48	0.57
Hotels & Tourism	11.81	10.63	3.91	4.23	0.9	0.94
Total Market	8.99	8.85	4.11	5.16	0.87	0.88

Central Depository

The total number of Bahraini public shareholding shares deposited at Bahrain Bourse's Central Depository reached 30,703 billion shares with a total value of BD7,248 at 31, December 2016.

The number of nationalities registered at the Central Depository reached 99 nationalities, while the number of investors holding shares in Bahraini public shareholding companies reached 32,904 investors by 31 December, 2016 compared to 32,108 investors at the beginning of the year, posting a growth of 2.48%.



**KEY
STATISTICAL
DATA**
2015-2016

KEY STATISTICAL DATA

2015-2016

COMPARISON OF TRADING ACTIVITY

	2016	2015	Change	Change %
Total Market Capitalization (BD)	7,248,444,952	7,199,907,825	48,537,127	0.67
Value of Shares (BD)	124,453,992	109,974,535	14,479,457	13.17
Volume of Shares	734,391,937	515,560,631	218,831,306	42.45
No. of Transactions	10,592	11,248	(656)	(5.83)
Total Trading Days	245	245	0	0
Daily Average Value of Shares (BD)	507,975	448,876	59,100	13.17
Daily Average Volume of Shares	2,997,518	2,104,329	893,189	42.45
Daily Average No. of Transactions	43	46	(3)	(6)

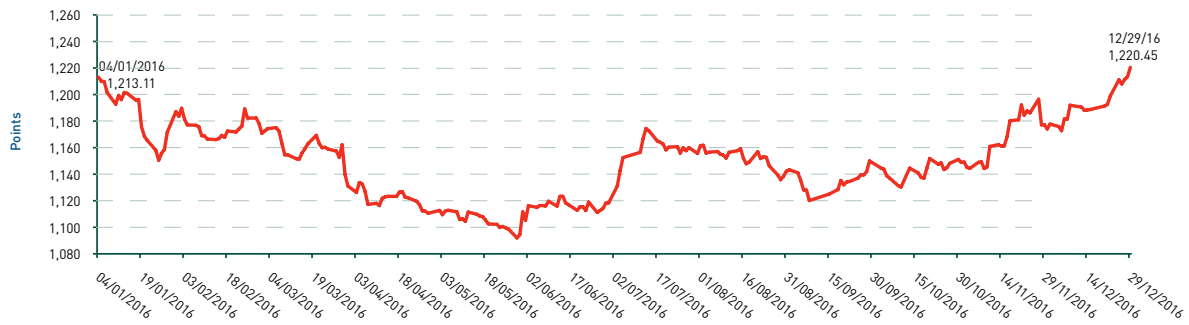
BAHRAIN BOURSE INDICES PERFORMANCE

Bahrain All Share Index	2016	2015	Change (points)	Change (%)
Year end	1,220.45	1,215.89	4.56	0.38
High	1,220.45	1,482.88	(262.43)	(17.70)
Low	1,092.02	1,189.53	(97.51)	(8.20)

Bahrain Islamic Index*	2016	2015	Change (points)	Change (%)
Year end	909.81	818.30	91.51	11.18
High	909.81	922.69	(12.88)	(1.40)
Low	698.65	785.18	(86.53)	(11.02)

*Bahrain Islamic Index was launched in September 2015

BAHRAIN ALL SHARE INDEX DURING 2016 (POINTS)



Sectorial Indices	2016	2015	Change (%)
Bahrain All Share Index			
Commercial Banks	2,481.78	2,461.82	0.81
Investment	686.24	613.84	11.79
Insurance	1,585.63	1,653.62	(4.11)
Services	1,248.89	1,361.73	(8.29)
Industrial	524.33	606.13	(13.50)
Hotels & Tourism	3,237.54	3,779.18	(14.33)

NO. OF LISTED COMPANIES	2016	2015
Public	41	42
Closed	2	2
Non Bahraini	1	2
Total	44	46

NO. OF LISTED T-BILLS	2016	2015
	42	0

NO. OF LISTED BONDS & SUKUK	2016	2015
Bonds	9	6
Sukuk	5	6

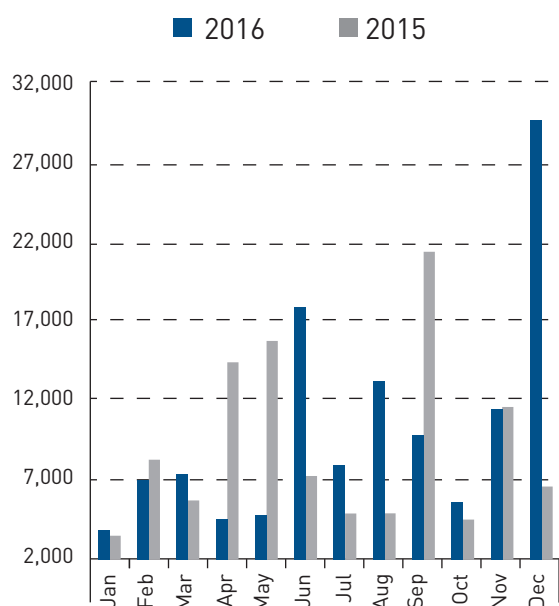
NO. OF LISTED MUTUAL FUNDS	2016	2015
	19	19

NO. OF LISTED REAL ESTATE INVESTMENT TRUST	2016	2015
Bonds	1	0

EQUITY TRADING ACTIVITY

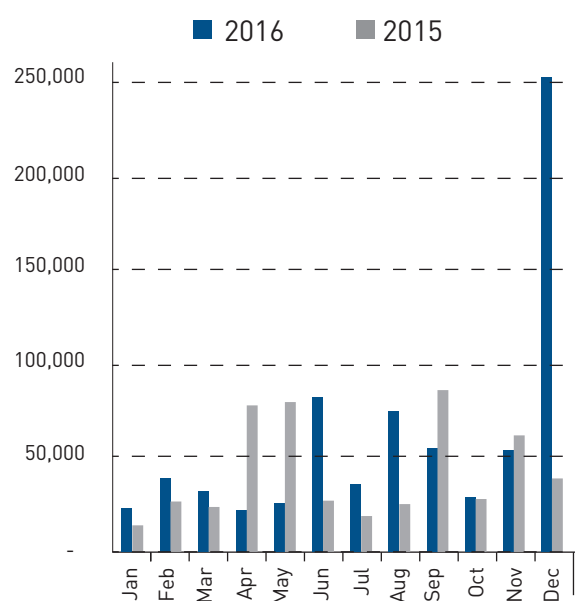
Value (BD 000)	2016	2015	Change (%)
Jan	3,855	3,532	9.15
Feb	7,090	8,370	(15.29)
Mar	7,434	5,777	28.68
Apr	4,601	14,571	(68.42)
May	4,831	15,931	(69.68)
Jun	18,074	7,334	146.45
Jul	8,024	4,946	62.22
Aug	13,357	4,957	169.46
Sep	9,930	21,607	(54.04)
Oct	5,675	4,559	24.48
Nov	11,598	11,728	(1.11)
Dec	29,979	6,663	349.96
Market	124,448	109,975	13.1

Total Value of Shares Traded

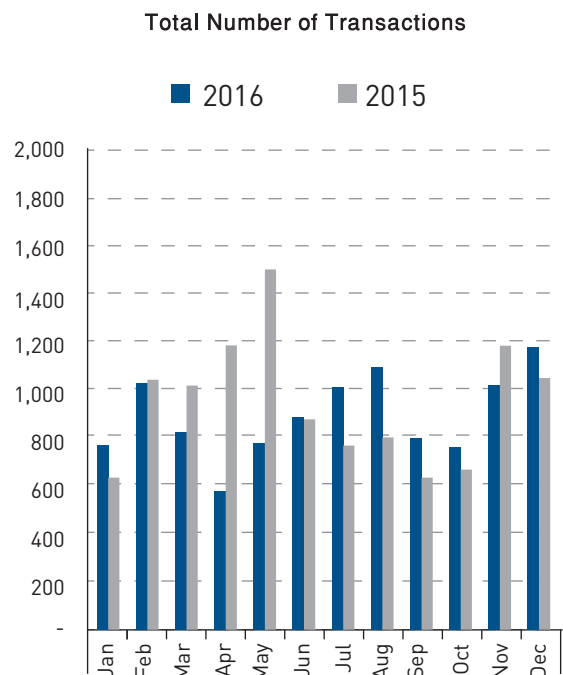


Volume (000 Shares)	2016	2015	Change (%)
Jan	23,428	14,277	64.09
Feb	39,337	27,111	45.10
Mar	32,832	24,173	35.82
Apr	22,468	78,892	(71.52)
May	26,091	80,681	(67.66)
Jun	83,147	27,568	201.60
Jul	36,194	19,287	87.66
Aug	75,597	25,721	193.92
Sep	55,510	87,122	(36.28)
Oct	29,474	28,456	3.58
Nov	54,688	62,734	(12.83)
Dec	255,619	39,539	546.50
Market	734,385	515,561	42.44

Total Volume of Shares Traded

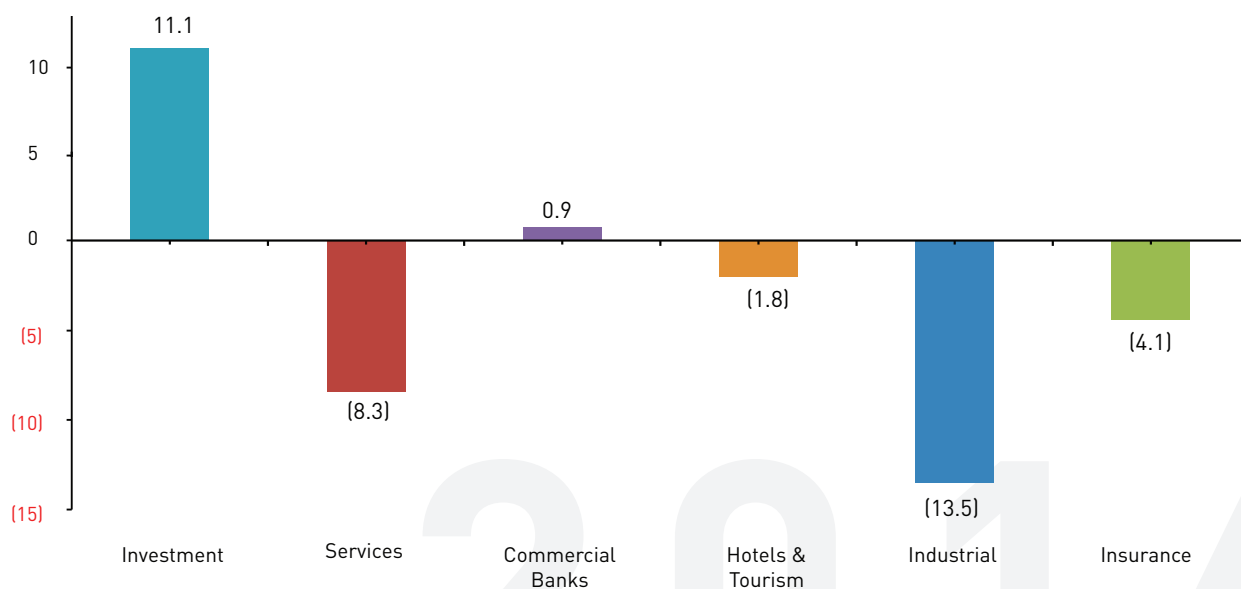


NO. OF TRANSACTIONS	2016	2015	CHANGE (%)
Jan	759	626	21.25
Feb	1,013	1,029	(1.55)
Mar	813	1,005	(19.10)
Apr	577	1,194	(51.68)
May	769	1,483	(48.15)
Jun	873	866	0.81
Jul	998	758	31.66
Aug	1,080	797	35.51
Sep	789	626	26.04
Oct	750	659	13.81
Nov	1,008	1,169	(13.77)
Dec	1,163	1,036	12.26
Market	10,592	11,248	(5.83)



MARKET CAP (BD MILLION)	2016	2015	CHANGE (%)
Commercial Banks	3,514.8	3,483.5	0.9
Investment	1,914.8	1,723.0	11.1
Insurance	140.9	146.9	(4.1)
Services	1,005.5	1,096.4	(8.3)
Industrial	474.0	547.9	(13.5)
Hotels & Tourism	198.5	202.2	(1.8)
Market	7,248.4	7,199.9	0.7

Sectorial Growth in Market Capitalization During 2016 (%)

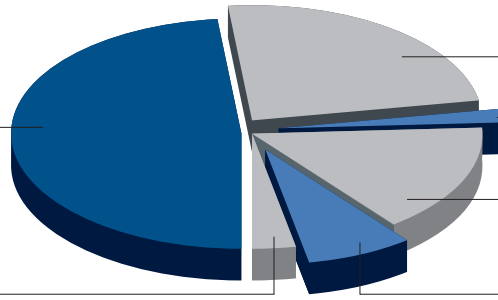


THE BREAKDOWN OF MARKET CAPITALIZATION BY SECTORS FOR THE YEARS 2016 & 2015

2016

48.5%
Commercial Banks

2.7%
Hotels & Tourism



26.4%
Investment

1.9%
Insurance

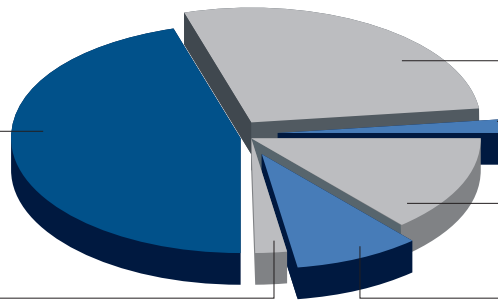
13.9%
Services

6.5%
Industrial

2015

48.4%
Commercial Banks

2.8%
Hotels & Tourism



23.9%
Investment

2.0%
Insurance

15.2%
Services

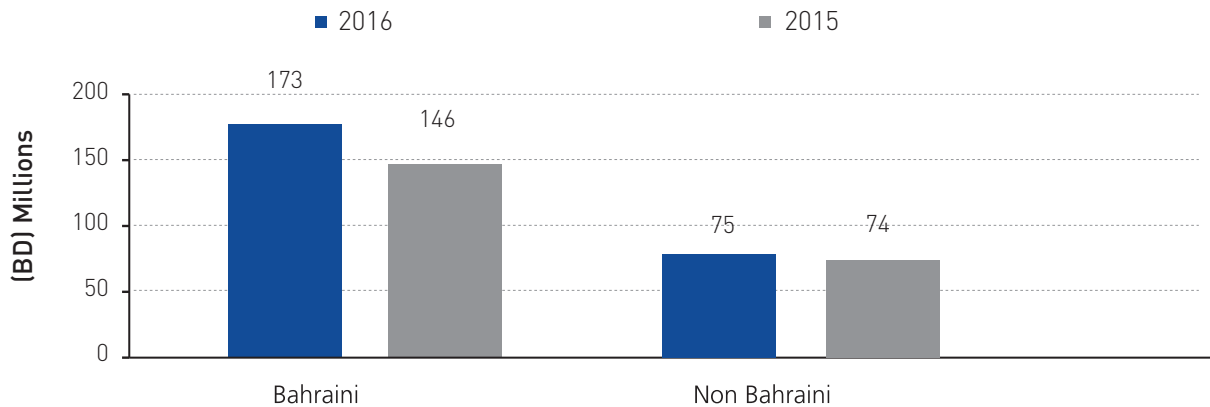
7.6%
Industrial

TRADING BY NATIONALITY

VOLUME	2016	2015	CHANGE (%)
Bahraini	904,084,326	677,600,013	33.42
Non Bahraini	564,699,548	353,521,249	59.74
Total	1,468,783,874	1,031,121,262	42.45

VALUE	2016	2015	CHANGE (%)
Bahraini	173,464,862	146,410,882	18.48
Non Bahraini	75,443,121	73,538,189	2.59
Total	248,907,983	219,949,071	13.17

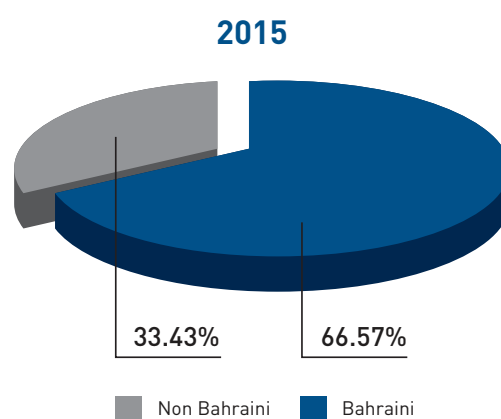
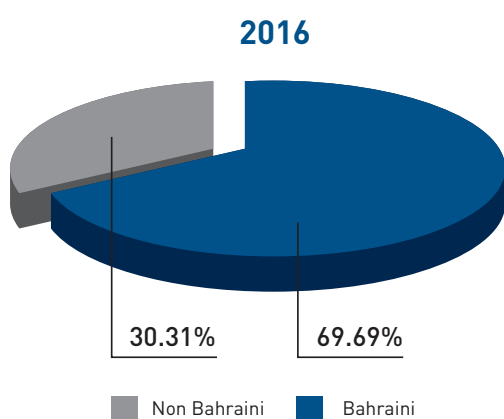
Trading by Nationalities (Value - BD)





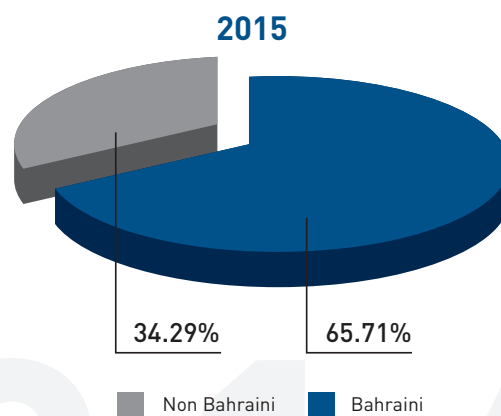
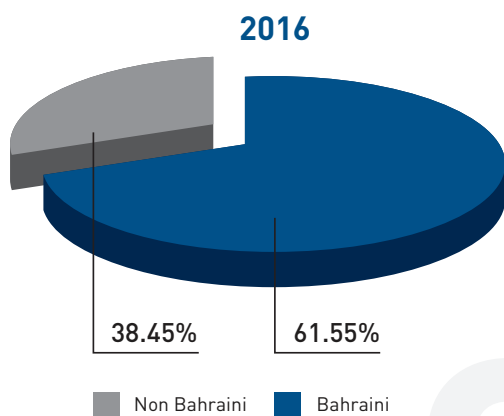
Percentage of Trading by Nationality-Volume (Buy & Sell)

	2016	2015
Bahraini	61.55%	65.71%
Non Bahraini	38.45%	34.29%



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

	2016	2015
Bahraini	69.69%	66.57%
Non Bahraini	30.31%	33.43%



2016

The image shows a digital stock market board with the following columns: Bid Volume, Ask, Ask Volume, Last Price, Net Change, and Total Volume. The board displays various numerical values for each column. Below the board, the name 'aleej Commercial Bank' is visible, along with a logo and some Arabic text.

Bid Volume	Ask	Ask Volume	Last Price	Net Change	Total Volume
20,000	0.163	9,000	0.161	0.000	0
3,000	0.765	186,127	0.775	0.000	0
94,582	0.139	58,469	0.141	0.000	0
0	0.100	2,788	0.100	0.000	0
3,000	0.000	0	0.116	0.000	0
3,000	0.680	454	0.630	0.000	10,000
15,000	0.240	14,386	0.220	0.000	0
0	0.180	10,000	0.180	0.000	0
0	0.900	119,070	0.900	0.000	0
0	0.332	11,614	0.390	0.000	0

TRADED SECURITIES

AND INSTRUMENTS

TRADED SECURITIES AND INSTRUMENTS

Listed Companies on Bahrain Bourse

Commercial Banks Sector

Ahli United Bank B.S.C.
Al Salam Bank - Bahrain B.S.C.
Bahrain Islamic Bank B.S.C.
BBK B.S.C.
Khaleeji Commercial Bank B.S.C.
National Bank of Bahrain B.S.C.
Ithmaar Bank B.S.C.

Investment Sector

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

Services Sector

Bahrain Ship Repairing and Engineering Company B.S.C.
Bahrain Car Park Company B.S.C.
Bahrain Cinema Company B.S.C.
Bahrain Duty Free Shop Complex B.S.C.
BMMI B.S.C.
Bahrain Telecommunications Company B.S.C.
Trafco Group B.S.C.
Nass Corporation B.S.C.
Seef Properties B.S.C.
Zain Bahrain B.S.C.

Insurance Sector

Al Ahlia Insurance Company B.S.C.
Arab Insurance Group B.S.C.
Bahrain Kuwait Insurance Company B.S.C.
Bahrain National Holding Company B.S.C.
Takaful International Company B.S.C.

Hotels & Tourism Sector

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

Industrial Sector

Bahrain Flour Mills Company B.S.C.
Delmon Poultry Company B.S.C.
Aluminium Bahrain B.S.C.

Closed Companies

Securities & Investment Company B.S.C. (c)
United Paper Industries B.S.C. (c)

Non-Bahraini Companies

Bank Muscat S.A.O.G.

Listed Mutual Funds

Unit Investment Bank
SICO Selected Securities (SSS)
Khaleej Equity Fund
SICO Gulf Equity 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
NBK Gulf Equity Fund
NBK Qatar Equity Fund
SICO Kingdom Equity Fund
Markaz Arabian Fund
SICO Fixed Income Fund

Listed Bonds & Sukuk

Sukuk Al Musharaka (Investment DAR Sukuk Co.) - 2010*
Government Development Bond - Issue 5
Government Islamic Lease (Ijarah) Sukuk - Issue 22
Government Islamic Lease (Ijarah) Sukuk - Issue 21
Government Development Bond - 2017
Government Islamic Leasing Securities - Issue 19
Government Islamic Lease (Ijarah) Sukuk - Issue 23
Government Development Bond - Issue 9
Government Development Bond - Issue 8
Government Development Bond - Issue 10
Perpetual Tier "1" Convertible Capital Securities issued by BBK B.S.C.
Government Development Bond - Issue 11
Government Development Bond - Issue 12
Government Development Bond - Issue 13

* Matured as of 26th Oct. 2010

Listed T-Bills/Short-Term Leasing Sukuk

12 Months Treasury Bills - Issue 28
12 Months Treasury Bills - Issue 29

Brokers & Custodians

Brokerage Firms

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

Individual Brokers

Abdulla J. Zain Al-Abedeem Office
Nasser Abbas Khosrou Office
Yousif H. Al-Ajaji Office

Custodians

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

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.
- * The maximum amount of fees for the above categories is 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

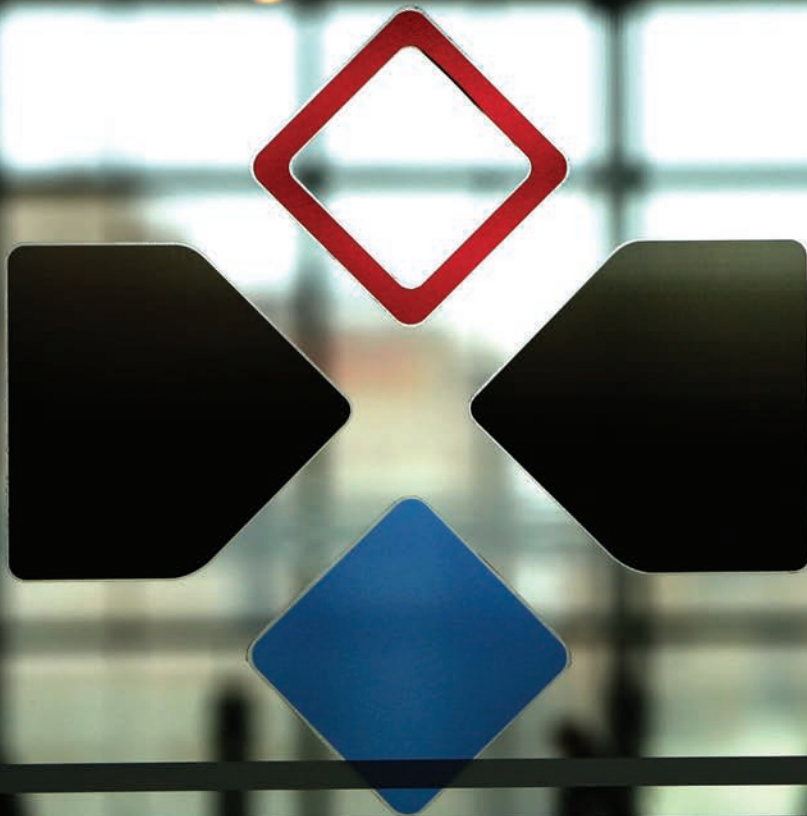
- Listing
 - > 0.5% of the par value of the outstanding shares with a maximum amount of BD5,000 and a minimum amount of BD2,000.
- Annual Subscription : BD2,000 annually.

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.

T-bills & short term Islamic Leasing Sukuk

- > Listing*: BD 30
- > Annual Subscription**: N/A



• Currency Warrants

- > Listing*: BD 250
- > Annual Subscription: Nil

• Transfer Agents

- > Listing*: BD500
- > Annual Subscription**: BD 1,000

Membership Fees

Membership Categories	Admission Fees	Annual Subscription Fees
Discount Broker	BD 1,000	BD 500
Broker	BD 1,000	BD 500
Broker-Dealer	BD 5,000	BD 1,000
External Broker	BD 5,000	BD 1,000
External Broker-Dealer	BD 5,000	BD 1,000
Authorised Trader	BD 5,000	BD 1,000

• Custodianship

- > Admission*: 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.

CORPORATE GOVERNANCE REPORT 2016



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 legislations 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.

Company and Shareholder Information

Bahrain Bourse was established as a Bahraini Closed Shareholding Company pursuant to Decree number (60) for the year 2010 to replace Bahrain Stock Exchange which was established in 1987. Bahrain Bourse is licensed as a stock exchange by the Central Bank of Bahrain and is fully owned by the Government of the Kingdom of Bahrain.

The Bourse is governed by the laws & resolutions of the Central Bank of Bahrain (Capital Market Sector), the Central Bank of Bahrain's Rulebook – Volume 6 (Capital Markets), Commercial Companies Law, and the Implementing Regulations Commercial Companies Law.

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/- (Bahraini Dinar Two Million) divided into Two Million shares.

The Minister of Industry, Commerce, and Tourism was appointed to perform the tasks of the shareholder in Bahrain Bourse Company in accordance with Decree No. (12) of 2016 issued on 16 February 2016.

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 Bourse's Board is comprised of nine directors who were appointed by Economic Development Board Resolution No. 2 of 2014. Commencement date of their membership was 27th March 2014 and ended on 27th December 2016. The Board of Directors was reformed by Economic Development Board Resolution No. 3 of 2016 dated 27th December 2016.



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.

CORPORATE GOVERNANCE REPORT 2016 (continued)

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, Audit and Risk Committee, and Corporate Governance Committee.

Executive, Nomination and Remuneration Committee

Members	Brief Terms of Reference, Tasks and Responsibilities
<p>Afnan Rashid Al Zayani Committee Chairperson</p>	<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.
<p>Aymen Tawfeeq Almoayed Committee Deputy Chairperson</p>	<ul style="list-style-type: none"> 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.
<p>Rana Ebrahim Faqihi Committee Member</p>	<ul style="list-style-type: none"> The attendance of at least a majority of the members, provided that the Chairperson or Deputy Chairperson is among them, shall constitute a quorum.
<p>Yaser Ebrahim Humaidan Committee Member</p>	<ul style="list-style-type: none"> The Committee shall hold minimum of four meetings in a year.
<p>Marwan Khalid Tabbara Committee Member</p>	<ul style="list-style-type: none"> 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: recommend ways and means to develop Bahrain Bourse, instruct the Executive Management to prepare the studies and reports related to the Bourse, nominate qualified candidates to be members in the Board of Directors, recommend the qualified candidates to fill in Executive Management to the Board, and review the Remuneration Policy of the Board and the Executive Management.</p>

CORPORATE GOVERNANCE REPORT 2016 (continued)

Audit and Risks Committee

Members	Brief Terms of Reference, tasks and Responsibilities
<p>Mohammed Ahmed Hassan Committee Chairperson</p>	<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 Chairperson or Deputy Chairperson 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.</p>
<p>Nabeel Khalid Kanoo Committee Deputy Chairperson</p>	
<p>Fouad Abdulrahman Rashid Committee Member</p>	

Corporate Governance Committee

Members	Brief Terms of Reference, tasks and Responsibilities
<p>Aymen Tawfeeq Almoayed Committee Chairperson</p>	<ul style="list-style-type: none"> The Board of Directors appoints the members of the Committee who will be at least three independent and non-executive members, 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. The meeting attendance quorum is at least a majority of the members, provided that the Chairperson or Deputy Chairperson is among them. The Committee shall hold minimum of two meetings in a year. The Committee conducts an annual self-assessment of the performance of the Committee / members and report the results 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 implementation of corporate governance rules and principles in the Bourse and reviews the instructions issued by the regulatory authorities regarding corporate governance.</p>
<p>Yaser Ebrahim Humaidan Committee Deputy Chairperson</p>	
<p>Fouad Abdulrahman Rashid Committee Member</p>	

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 2016, there was no remuneration to the Board of Directors. Sitting fees paid to the Board of Directors amounted to BHD 42,100.

Remuneration of Executive Management

Fixed and Variable Compensations and Remunerations

During 2016, the amount related Executive Management's basic salaries, fixed allowances, and bonuses related to year-end performance appraisals was BHD 159,487.

Evaluating the Performance of the Board of Directors and Committees

The performance of the Board and the committees is evaluated through self- assessment, or through external parties, 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 Audit and Risks Committee. Any reported issues will be then redirected to the relevant committee within the Board for immediate investigation.



CORPORATE GOVERNANCE REPORT 2016 (continued)

Insiders' Policy

Bahrain Bourse Insiders' Policy is applicable on its employees and Board Members. It is applied 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 and Risks Committee oversees 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

The independence of the Board Members was defined in the Board Meeting held on December 28th, 2015.

Yusuf Abdulla Humood

Chairman of the Board of Directors
(Non-Independent & Non-Executive Director)

Joined the Board of
Directors on 6th February 2011

Executive Education Program Certificate from Harvard Kennedy School-Jordan, Certificate of Gulf Executive Development Program from Darden University-Virginia, Diploma of Projects Planning and Appraisal from Strathclyde University-Scotland, Bachelors of Economic Planning from the University of Aleppo – Syria

Experience: More than 37 years in government economic sector.

MEMBERSHIP	COMPANY NAME	COUNTRY
Board Member	Future Generations Reserve Fund	Bahrain
Board Member	Central Bank of Bahrain	Bahrain
Board Member	National Oil & Gas Authority	Bahrain
Board Member	Oil & Gas Holding Company	Bahrain
Deputy Chairman	Arab Investment Company	Saudi Arabia

Marwan Khalid Tabbara

Deputy Chairman of the Board of
Directors (Independent
& Non-Executive Director)

Member of the Executive,
Nomination & Remuneration
Committee

Joined the Board of
Directors on 6th February 2011

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 14 years in consultancy.

MEMBERSHIP	COMPANY NAME	COUNTRY
Board Member	Stratum	Bahrain
Board Member	Bahrain Development Bank	Bahrain
Board Member	Bahrain Flour Mills	Bahrain
Board Member	Park Place	Bahrain
Board Member	Viacloud	Bahrain
Board Member	Mint Trading Partners	Bahrain

CORPORATE GOVERNANCE REPORT 2016 (continued)

Afnan Rashid Al Zayani		
Member of the Board of Directors (Independent & Non-Executive Director)	Chairperson of Executive, Nomination & Remuneration Committee	Joined the Board of Directors on 6 th February 2011
Bachelors of Food Technology from Texas Technical University-USA, Majoring in Food Technology and Nutrition from The American University-Beirut.		
Experience: 40 years including more than 35 years in the Business Administration sector.		
MEMBERSHIP	COMPANY NAME	COUNTRY
Owner	Al Zayani Commercial Services Company S.P.C.	Bahrain
Owner	Alzayani Elevators Company S.P.C.	Bahrain
Board Member	Bahrain Flour Mills Company	Bahrain
Board Member	Bahrain Chamber of Commerce & Industry	Bahrain
Owner S.P.C.	Afnan Artistic Production	Bahrain
Owner S.P.C.	Afnan Advertising & Designing	Bahrain
Owner	Dalia Investments S.P.C.	Bahrain
Board Member & Partner	Martinizing Laundry W.L.L.	Bahrain
Owner	Tree of Life / Afnan Flowers	Bahrain

Mohammed Ahmed Hassan		
Member of the Board of Directors (Non-Independent & Non-Executive Director)	Chairperson of Audit & Risk Committee	Joined the Board of Directors on 6 th February 2011
Bachelors of Accounting from The University of Riyadh.		
Experience: More than 37 years in the public financial sector, including 11 years in Audit.		
MEMBERSHIP	COMPANY NAME	COUNTRY
Not a member of the Board of Directors of any other company.		

Yaser Ebrahim Humaidan		
Member of the Board of Directors (Independent & Non-Executive Director)	Deputy Chairperson of Corporate Governance Committee Member of the Executive, Nomination & Remuneration Committee	Joined the Board of Directors on 6 th February 2011
Bachelors of Finance from Lehigh University in Pennsylvania.		
Experience: More than 23 years in investment management in the banking sector.		
Not a member of the Board of Directors of any other company.		

Rana Ebrahim Faqihi

Member of the Board of Directors (Non-Independent & Non-Executive Director)	Member of the Executive, Nomination & Remuneration Committee	Joined the Board of Directors on 6 th February 2011
Masters of International Business Management - UK Experience: around 14 years in the government economic sector.		
MEMBERSHIP	COMPANY NAME	COUNTRY
Board Member Audit Committee Member	Eskan Bank Tamkeen	Bahrain Bahrain

Nabeel Khalid Kanoo

Member of the Board of Directors (Independent & Non-Executive Director)	Deputy Chairperson of Audit & Risk Committee	Joined the Board of Directors on 6 th February 2011
Bachelors of Business Administration from St. Edward's University - US. Experience: More than 19 years in investment and tourism sectors.		
MEMBERSHIP	COMPANY NAME	COUNTRY
Board Member	Yusuf Bin Ahmed Kanoo Co	Bahrain
Board Member	Yusuf Bin Ahmed Kanoo Co	Saudi Arabia
Board Member	Kanoo & El Shabrawy Co	Egypt
Board Member	Ithmaar Bank	Bahrain
Board Member	Bahrain Chamber of Commerce & Industry	Bahrain
Board Member	Bahrain Airport Services	Bahrain

Aymen Tawfeeq Almoayed

Member of the Board of Directors (Independent & Non-Executive Director)	Chairperson of Corporate Governance Committee. Deputy Chairperson of the Executive, Nomination & Remuneration Committee	Joined the Board of Directors on 27 th March 2014
Masters in Business Administration from University of Cambridge – UK, Bachelors in Law from University of Kent. Experience: 14 years as a lawyer, arbitrator, and strategic adviser.		
MEMBERSHIP	COMPANY NAME	COUNTRY
	Available upon request	

CORPORATE GOVERNANCE REPORT 2016 (continued)

Fouad Abdulrahman Rashid		
Member of the Board of Directors (Independent & Non-Executive Director)	Member of the Audit & Risks Committee Member of the Corporate Governance Committee	Joined the Board of Directors on 27 th March 2014
Certificate of Gulf Executives Development Program from Darden – Virginia, and Diploma in Commerce from Gulf College.		
Experience: Around 35 years in Capital Market Sector and brokerage firms, out of which 11 years as a Chief Executive Officer of Bahrain Bourse.		
Not a member of the Board of Directors of any other company.		

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.

During the year of 2016, the Board held five meetings and one additional meeting was held by independent Board members, while for the Board Committees, seven meetings were held by Executive, Nomination, and Remuneration, seven meetings were held by Audit and Risks Committee, and three meetings were held by Corporate Governance Committee. 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		1/2016	2/2016	3/2016	4/2016	5/2016
		7 Mar. 2016	14 Apr. 2016	5 June 2016	9 June 2016	23 Oct. 2016
Yusuf Abdulla Humood	Chairperson of the Board	✓	--	✓	✓	✓
Marwan Khalid Tabbara	Deputy Chairperson of the Board	✓	✓	✓	✓	✓
Afnan Rashid Al Zayani	Board Member	✓	✓	✓	✓	✓
Mohammed Ahmed Hassan	Board Member	✓	✓	✓	--	--
Yaser Ebrahim Humaidan	Board Member	✓	✓	--	--	✓
Rana Ebrahim Faqihi	Board Member	✓	✓	✓	✓	✓
Nabeel Khalid Kanoo	Board Member	--	✓	--	✓	✓
Aymen Tawfeeq Almoayed	Board Member	--	--	--	✓*	--
Fouad Abdulrahman Rashid	Board Member	✓	✓	✓	✓	✓

* Participated through the phone.

Meetings of the Executive, Nomination and Remuneration Committee

Members of the Executive, Nomination & Remuneration		1/2016	2/2016	3/2016	4/2016	5/2016	6/2016	7/2016
		4 Feb. 2016	16 Feb. 2016	4 Apr. 2016	9 May 2016	23 May 2016	6 Oct. 2016	20 Dec. 2016
Afnan Rashid Al Zayani	Committee Chairperson	✓	✓	✓	✓	✓	✓	✓
Aymen Tawfeeq Almoayed	Committee Deputy Chairperson	--	--	--	--	--	--	--
Marwan Khalid Tabbara	Committee Member	✓	✓	✓	✓	✓	✓	✓
Yaser Ebrahim Humaidan	Committee Member	✓	✓	✓	✓	✓	✓	✓
Rana Ebrahim Faqihi	Committee Member	--	✓	✓	--	--	--	--

Meetings of the Audit & Risks Committee

Members of the Audit & Risks Committee		45 (1/2016)	46 (2/2016)	47 (3/2016)	48 (4/2016)	49 (5/2016)	50 (6/2016)	51 (7/2016)
		15 Feb. 2016	29 Feb. 2016	12 Jul 2016	14 Aug. 2016	21 Aug. 2016	3 Nov. 2016	22 Dec. 2016
Mohammed Ahmed Hassan	Committee Chairperson	✓	✓	✓	✓	✓	✓	✓
Nabeel Khalid Kanoo	Committee Deputy Chairperson	--	--	--	--	--	--	--
Fouad Abdulrahman Rashid	Committee Member	✓	✓	✓	✓	✓	✓	✓

Meetings of Corporate Governance Committee

Members of the Audit & Risks Committee		(1/2016)	(2/2016)	(3/2016)
		2 Feb 2016	1 Mar 2016	28 Sep 2016
Aymen Tawfeeq Almoayed	Committee Chairperson	✓	✓	✓
Yaser Ebrahim Humaidan	Committee Deputy Chairperson	✓	✓	✓
Fouad Abdulrahman Rashid	Committee Member	✓	✓	✓

CORPORATE GOVERNANCE REPORT 2016 (continued)

Auditors

His Excellency Minister of Industry, Commerce, and Tourism, the Shareholder of Bahrain Bourse, has appointed Deloitte & Touche as external auditors for the year 2016.

Bahrain Bourse Corporate Governance - “Comply or Explain” Principle

List of Partially-Implemented and Unimplemented Corporate Governance Principles

#	Principle	Explanation
1.	The Chairman of the Board must be one of the independent members.	There is a recommendation from Corporate Governance Committee to rectify the situation. At the end of 2016, the Board was reformed and an independent Board member was elected to be the Chairman.
2.	At least annually, the board shall conduct an evaluation of its performance and the performance of each committee and each individual director.	According to Board Resolution, the Corporate Governance Committee approved a framework and a mechanism to evaluate the Board of Directors by an external party. During 2016, the Board's performance for the year 2015 was evaluated using an external party.
3.	The board shall establish an audit committee of at least three members of which the majority should be independent including the Chairman.	Independent and non- independent Board Members were defined by the Board of Directors in the meeting held on December 28th, 2015. At the end of 2016, the Committee was reformed and an independent member was elected to be the Committee Chairperson.
4.	Holding Annual General Meeting (AGM) for the Bourse.	The Bourse settled for submitting an annual report to the shareholder containing all the clauses to hold the AGM. This is done based on the letter received from the Ministry of Industry and Commerce dated May 22nd, 2013, which itself is based on the opinion of Legislation and Legal Opinion Commission, that Bahrain Bourse is owned by one person, which is the Bahraini Government, is not subject to the provisions related to conducting an AGM.
5.	Communication with the Shareholder.	The principle will be implemented.



FINANCIAL

STATEMENTS

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FINANCIAL

STATEMENTS

بورصة البحرين
BAHRAIN BOURSE



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INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bahrain Bourse B.S.C. (c) (the "Bourse"), which comprise the statement of financial position as at December 31, 2016, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bourse as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bourse in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Bourse's financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report. The Annual Report are expected to be made available to us after the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Bourse's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bourse or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bourse's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- > Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- > Obtain an understanding of internal control relevant to the audit 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 internal control.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- > Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bourse's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bourse to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- > Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

The financial statements at the Bourse for the year ended December 31, 2015 were audited by another auditor who expressed an unqualified opinion thereon in his report dated June 20, 2016.

Report on Other Legal and Regulatory Requirements

Further, as required by local regulations, we report that, 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 Directors Report is in agreement with the financial statements and based on the information and explanations provided by management which were required for the purpose of our audit, we are not aware of significant violations of the relevant provisions of the Central Bank of Bahrain (CBB) and Financial Institutions Law 2006, the applicable CBB regulations (as contained in Volume 6 of the CBB Rulebook), the relevant provisions of Bahrain Commercial Companies Law 2001 and its subsequent amendments and the Bourse's Memorandum and Articles of Association having occurred during the year ended December 31, 2016 that might have had a material effect on the business of the Bourse or on its financial position.

DELOITTE & TOUCHE – MIDDLE EAST

Partner Registration No. 184

Manama, Kingdom of Bahrain
February 28, 2017

STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

	<i>Notes</i>	2016 <i>BD</i>	2015 <i>BD</i>
ASSETS			
Non-current assets:			
Furniture and equipment	5	3,002,593	3,559,190
Investment held to maturity	10	1,000,000	-
Total non-current assets		<u>4,002,593</u>	<u>3,559,190</u>
Current assets:			
Accounts receivable	6	113,367	99,541
Prepayments and other receivables	7	124,132	144,829
Cash and bank balances	8	3,400,625	4,719,309
Total current assets		<u>3,638,124</u>	<u>4,963,679</u>
Total assets		<u><u>7,640,717</u></u>	<u><u>8,522,869</u></u>
EQUITY AND LIABILITIES			
Equity:			
Share capital	11	2,000,000	2,000,000
General reserve	12	2,000,000	2,000,000
Statutory reserve	13	401,075	401,075
Retained earnings		2,812,508	3,660,103
Total equity		<u>7,213,583</u>	<u>8,061,178</u>
LIABILITIES:			
Non-current liability:			
Provision for employees' end-of-service benefits	14	19,979	25,221

The attached notes form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at December 31, 2016 (continued)

	<i>Notes</i>	2016 <i>BD</i>	2015 <i>BD</i>
CURRENT LIABILITIES:			
Accounts payable		45,105	30,268
Accruals and other liabilities	15	359,722	329,283
Deferred revenue	16	2,328	76,919
Total current liabilities		<u>407,155</u>	<u>436,470</u>
Total liabilities		<u>427,134</u>	<u>461,691</u>
TOTAL EQUITY AND LIABILITIES		<u><u>7,640,717</u></u>	<u><u>8,522,869</u></u>
Off balance sheet accounts:			
Guarantee deposits in custody	23	<u><u>1,383,415</u></u>	<u><u>1,341,663</u></u>

The financial statements on page 4 to 29 were approved by the Board of Directors on February 22, 2017 and signed on its behalf by:

Mr. Abdulkarim Ahmed Bucheery

Chairman

Mr. Hassan Amin Jarrar

Director

Shaikh Khalifa Bin Ebrahim Al Khalifa

Chief Executive Officer

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, 2016

	<i>Notes</i>	2016 BD	2015 BD
INCOME			
Subscription fees		1,629,043	1,645,544
Commission	17	319,331	236,545
Registration fees		10,500	9,000
Financial support from the Government of Bahrain	9	500,000	500,000
Interest income		124,475	89,952
Other income	18	334,072	362,439
Total income		<u>2,917,421</u>	<u>2,843,480</u>
EXPENSE			
Salaries and staff costs		1,636,557	1,598,333
General and administrative expenses	19	1,495,256	1,486,764
Board of directors sitting fees		42,100	-
Depreciation	5	614,930	740,159
(Reversal) / provision for impairment of receivables	6	(23,827)	39,121
Total expenses		<u>3,765,016</u>	<u>3,864,377</u>
Loss for the year		<u>(847,595)</u>	<u>(1,020,897)</u>
Total comprehensive loss for the year		<u>(847,595)</u>	<u>(1,020,897)</u>

Mr. Abdulkarim Ahmed Bucheery

Chairman

Mr. Hassan Amin Jarrar

Director

Shaikh Khalifa Bin Ebrahim Al Khalifa

Chief Executive Officer

The attached notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2016

	<i>Note</i>	<i>Share Capital BD</i>	<i>General Reserve BD</i>	<i>Statutory Reserve BD</i>	<i>Retained Earnings BD</i>	<i>Total BD</i>
Balance at January 1, 2015		2,000,000	2,000,000	401,075	4,681,000	9,082,075
Total comprehensive loss for the year		-	-	-	(1,020,897)	(1,020,897)
Balance at December 31, 2015		2,000,000	2,000,000	401,075	3,660,103	8,061,178
Total comprehensive loss for the year		-	-	-	(847,595)	(847,595)
Balance at December 31, 2016		2,000,000	2,000,000	401,075	2,812,508	7,213,583

The attached notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended December 31, 2016



	2016 BD	2015 BD
OPERATING ACTIVITIES		
Subscription fees received	1,649,725	1,602,160
Commission and other income received	503,309	402,795
Payments for salaries and staff costs	(1,580,372)	(1,546,558)
Payment for general and administrative expenses	(1,480,133)	(1,772,039)
Payment of board of directors remuneration	-	(64,000)
Net cash flows used in operating activities	(907,471)	(1,377,642)
INVESTING ACTIVITIES		
Purchases of furniture and equipment	(31,589)	(22,385)
Purchase of investment	(1,000,000)	-
Net movement in fixed deposits with banks	1,036,059	(686,429)
Interest received	120,376	93,436
Net cash flows from / (used in) investing activities	124,846	(615,378)
FINANCING ACTIVITY		
Financial support from the Government of Bahrain	500,000	500,000
Net cash flows from financing activities	500,000	500,000
Net decrease in cash and cash equivalents	(282,625)	(1,493,020)
Cash and cash equivalents at the beginning of the year	1,831,296	3,324,316
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Note 8)	1,548,671	1,831,296

For the purpose of preparing the statement of cash flows, cash and cash equivalents consists of cash on hand, current accounts and deposits in banks with original maturities of three months or less.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

1 GENERAL INFORMATION:

Incorporation

Bahrain Bourse B.S.C. (c) (the "Bourse") was incorporated in the Kingdom of Bahrain as a closed shareholding company under commercial registration (CR) number 76907 dated December 13, 2010 issued by the Ministry of Industry and Commerce according to Law Decree No. 60 for the year 2010 to replace Bahrain Stock Exchange (BSE) that was established in 1987. The Bourse is licensed by the Central Bank of Bahrain ("CBB") and accordingly is subject to the regulations and supervision of the CBB.

The Bourse is engaged in financial market activities by offering a capital markets platform, while acting as the intellectual and business hub for all capital market participants.

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs):

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2016, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 14 *Regulatory Deferral Accounts*
- Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure initiative
- Amendments to IFRS 11 *Joint Arrangements* relating to accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture: Bearer Plants*
- Amendments to IAS 27 *Separate Financial Statements* relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investment in Associates and Joint Ventures* relating to applying the consolidation exception for investment entities
- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 (continued)

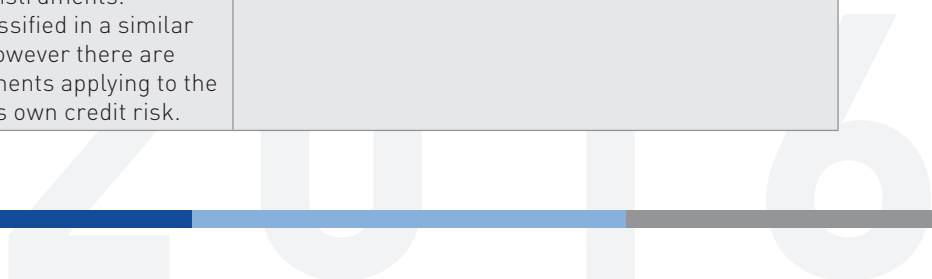


2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs): (CONTINUED)

2.2 New and revised IFRS in issue but not yet effective

The Bourse has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2017
Amendments to IAS 12 <i>Income Taxes</i>	1 January 2017
Amendments to IAS 7 <i>Statement of Cash Flows</i>	1 January 2017
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to IFRS 2 <i>Share Based Payment</i>	1 January 2018
Amendments to IFRS 4 <i>Insurance Contracts</i>	1 January 2018
Amendments to IAS 40 <i>Investment Property</i>	1 January 2018
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
IFRS 7 <i>Financial Instruments: Disclosures</i> relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied
IFRS 9 <i>Financial Instruments</i>	1 January 2018
A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 <i>Financial Instruments: Recognition and Measurement</i> . The standard contains requirements in the following areas:	
Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.	



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 (continued)

2.2 New and revised IFRS in issue but not yet effective (Continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised	
Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.	
Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39	
IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.	
IFRS 16 <i>Leases</i>	1 January 2019
IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the Bourse's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, may have no material impact on the financial statements of the Bourse in the period of initial application.

Management anticipates that IFRS 9 will be adopted in the Bourse's financial statements for the annual period beginning 1 January 2018. The application of IFRS 9 may have significant impact on amounts reported and disclosures made in the Bourse's financial statements in respect of revenue from contracts with customers and the impairment of financial assets. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Bourse performs a detailed review.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 (continued)

3 SIGNIFICANT ACCOUNTING POLICIES:

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).

Basis of Preparation

The financial statements are prepared under the historical cost convention.

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

The significant accounting policies adopted are as follows:

3.1 Furniture and Equipment

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

The cost of furniture and equipment is depreciated by equal annual instalments over the estimated useful lives of the assets are as follows:

Fixtures	15 years
Furniture and equipment	5 – 10 years
Computers	5 years
Vehicles	5 years

Gains or losses arising on the disposal or retirement of an item of furniture and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and are recognised in profit or loss.

Capital work-in-progress

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

3.2 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 is estimated to be less than its carrying amount, the carrying amount of the asset 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 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 been recognised. The reversal of the loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 (continued)

3 SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

3.3 Financial Assets

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

3.3.1 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.

3.3.2 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 payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re - organisation.

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 asset's recoverable amount.

3.3.3 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 recognises 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 rewards 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.

3.4 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.

3.4.1 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.

3.4.2 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 (continued)

3 SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

3.5 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 basis or to realise the assets and settle the liabilities simultaneously.

3.6 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. 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.

3.7 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 a 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.

3.8 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.

Financial support received for specific purposes is recognised as liability until the fulfilment of its purpose and then recognised as revenue.

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 is recognised when accrued on effective yield method.

3.9 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.

3.10 Foreign currencies

Transactions in foreign currencies are recognised in Bahraini Dinars 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.

3.11 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 (continued)

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

Impairment of receivables

The Bourse's management reviews periodically 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 (continued)

5 FURNITURE AND EQUIPMENT:

	<i>Fixtures</i>	<i>Furniture and Equipment</i>	<i>Computers</i>	<i>Vehicles</i>	<i>Capital Work- in- progress</i>	<i>Total</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Cost:						
Balance at January 1, 2015	3,129,654	1,196,860	2,881,890	17,435	367,496	7,593,335
Additions	-	3,649	18,736	-	-	22,385
Transfers	-	367,496	-	-	(367,496)	-
Balance at December 31, 2015	3,129,654	1,568,005	2,900,626	17,435	-	7,615,720
Additions	-	11,982	23,095	-	23,256	58,333
Transfers	-	-	23,256	-	(23,256)	-
Write off	-	(13,228)	-	-	-	(13,228)
Balance at december 31, 2016	3,129,654	1,566,759	2,946,977	17,435	-	7,660,825
ACCUMULATED DEPRECIATION						
Balance at January 1, 2015	868,743	739,264	1,695,930	12,434	-	3,316,371
Charge of the year	208,643	214,906	314,610	2,000	-	740,159
Balance at December 31, 2015	1,077,386	954,170	2,010,540	14,434	-	4,056,530
Charge of the year	208,642	142,826	261,462	2,000	-	614,930
Write off	-	(13,228)	-	-	-	(13,228)
Balance at December 31, 2016	1,286,028	1,083,768	2,272,002	16,434	-	4,658,232
CARRYING AMOUNTS:						
Balance at December 31, 2016	1,843,626	482,991	674,975	1,001	-	3,002,593
Balance at December 31, 2015	2,052,268	613,835	890,086	3,001	-	3,559,190

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 (continued)

6 ACCOUNTS RECEIVABLE:

	2016 BD	2015 BD
Subscription and registration fees receivable	399,419	411,769
Commissions receivable	22,872	30,921
Service fees receivable	6,700	5,250
Advertisement fee receivable	64,375	57,383
Other	3,364	3,576
	496,730	508,899
Provision for doubtful debts	(383,363)	(409,358)
	113,367	99,541

As at December 31, 2016 receivable include impaired receivables amounting to BD 383,363 (2015: 413,356) for which the Bourse provided for to the extent of BD 383,363 (BD 409,358).

The movement in the provision for doubtful debts is as follow:

	2016 BD	2015 BD
Balance beginning of year	409,358	370,237
Charge for the year	12,910	39,121
Write-back	(36,737)	-
Adjustment	(2,168)	-
	383,363	409,358

Aging of net receivables is as follows:

	2016 BD	2015 BD
Less than one year	63,665	81,827
More than one year	49,702	17,714
	113,367	99,541

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 (continued)

7 PREPAYMENTS AND OTHER RECEIVABLE:

	2016	2015
	BD	BD
Prepaid expenses	94,184	95,724
Accrued interest receivable	29,948	25,849
Advances to a project contractor	-	23,256
	124,132	144,829

8. CASH AND BANK BALANCES:

	2016	2015
	BD	BD
Petty cash	701	609
Current accounts with banks	36,018	64,889
Call accounts with banks	489,659	267,306
Term deposits (original maturities of 3 months or less)	1,022,293	1,498,492
Cash and cash equivalents	1,548,671	1,831,296
Term deposits (original maturities of more than 3 months)	1,851,954	2,888,013
	3,400,625	4,719,309

- (i) The original maturity of term deposits varies between 30 to 365 days and earn interest at rates ranging between 1.25% and 3.9% (December 31, 2015: between 0.75% and 2.95%) per annum. All bank accounts and term deposits are denominated in Bahrain Dinars. All bank balances are held with locally incorporated banks.
- (ii) Current account with banks are non-interest bearing.

9 TRANSACTIONS WITH RELATED PARTIES:

Transactions with the directors, executive management and key management personnel of the Bourse are defined as related parties in accordance with IAS 24. The terms of such transactions are approved by board of directors.

9.1 Transactions with related parties included in the statement of profit or loss and other comprehensive income are as follows:

During the year ended December 31, 2016, the Bourse received financial support from the Government of Bahrain amounting BD 500,000 (December 31, 2015: BD 500,000) to finance the Bourse's financial commitments for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 (continued)

9 TRANSACTIONS WITH RELATED PARTIES: (CONTINUED)

9.2 Transactions with key management personnel:

Key management personnel are those having the authority and responsibility of planning and directing the Bourse's operations. Key management personnel include board members, chief executive officer and operation executive director. There were no trading transactions between the key management personnel and the Bourse during the period. The salaries and allowances paid to key management personnel during the period are as follows:

	<i>2016</i>	<i>2015</i>
	<i>BD</i>	<i>BD</i>
Salaries	149,582	97,580
Board of directors sitting fees	42,100	-
	<u>191,682</u>	<u>97,580</u>

9.3 During 2006, the Government of Bahrain has transferred its ownership in certain companies listed on the Bahrain Bourse to Bahrain Mumtalakat Holding Company B.S.C. (c) (BMHC). Contrary to the requirements of Article 4 of Law Decree 4/1987, these transfers were not executed through the Bourse. The Bourse claimed BD 418,500 from the Ministry of Finance which was fully recovered in 2013 and 2014. A further amount of BD 418,500 is receivable from BMHC. Being a contingent asset, the Bourse has not recognised any income in this respect.

10. INVESTMENT HELD TO MATURITY:

The Bourse subscribed to BD 1 million in Government Development Bond which have a 5 year maturity and an interest rate of 5.875% per annum.

11. SHARE CAPITAL:

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

12. GENERAL RESERVE:

To enhance the equity base, a general reserve has been created with a resolution of the Bourse's Board of Directors. There has been no transfer to general reserve during the year. There is no restriction on the distribution of such reserve.

13. 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 (continued)

14 PROVISION FOR EMPLOYEES' END-OF-SERVICE BENEFITS:

	<i>2016 BD</i>	<i>2015 BD</i>
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The movement in the provision for employees' end-of-service benefits is as follows:

Balance at beginning of year	25,221	36,871
Charge for the year	5,232	21,949
Settlements made during the year	(10,474)	(33,599)
	<hr/>	<hr/>
Balance at end of year	19,979	25,221

15 ACCRUALS AND OTHER LIABILITIES:

	<i>2016 BD</i>	<i>2015 BD</i>
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Accrued staff costs	136,031	136,351
Leave and air tickets payable	75,239	88,814
Service fee	73,812	84,444
Accrued board of directors sitting fees	42,100	-
Sundry and payables	32,540	19,674
	<hr/>	<hr/>
	359,722	329,283

16 DEFERRED REVENUE:

	<i>2016 BD</i>	<i>2015 BD</i>
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Electronic display board	-	48,156
Printing and advertising	2,328	28,763
	<hr/>	<hr/>
	2,328	76,919

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 (continued)

17 COMMISSION:

	<i>2016 BD</i>	<i>2015 BD</i>
Regular commission	134,310	127,408
Commission on exempted transactions and special dealings	185,021	109,137
	319,331	236,545

18 OTHER INCOME:

	<i>2016 BD</i>	<i>2015 BD</i>
Trading data income	79,778	63,750
Reversal of prior year accrual	75,322	-
Display board income	48,556	145,667
Deposit and central depository income	47,236	45,362
Outdoor ticker	32,625	14,350
Remote trading income	22,950	19,800
Investor guide income	13,000	17,000
Other revenues	7,655	56,510
Office service income	6,950	-
	334,072	362,439

19 GENERAL AND ADMINISTRATIVE EXPENSES:

	<i>2016 BD</i>	<i>2015 BD</i>
Rent	678,783	660,150
Services	627,454	667,177
Consultations	82,389	29,337
Conferences and subscriptions	56,691	74,217
Consumables	33,527	47,539
Other	16,412	8,344
	1,495,256	1,486,764

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 (continued)

20 COMMITMENTS:

Operating lease commitments

Leased Premises

The operating lease relates to the rent of the Bourse's 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 office in Amwaj Island, for the business continuity centre for a period of one year and the contract expires on September 30, 2017.

Payments recognised as an expense

	<i>2016 BD</i>	<i>2015 BD</i>
Minimum lease payments	670,027	660,150

Non-cancellable operating lease commitments

	<i>2016 BD</i>	<i>2015 BD</i>
Not later than 1 year	504,931	661,975
1 to 5 years	-	479,242
	504,931	1,141,217

Other commitments

	<i>2016 BD</i>	<i>2015 BD</i>
Other commitments	449,776	605,713

Other commitments represent the maintenance contract for the trading platform with Nasdaq OMX which expires on July 15, 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 (continued)

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 the shareholder.

The capital structure of the Bourse consists of the capital, reserve and retained earnings. 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, investment held to maturity and accounts and other receivables.

Financial liabilities of the Bourse include payables and accrued liabilities.

	2016 BD	2015 BD
Financial assets:		
Receivables at amortised cost	4,543,940	4,844,699
Financial liabilities:		
Amortised cost	404,827	359,551

21.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Bourse's activities expose it primarily to the financial risk in changes in foreign exchange rates and interest rates.

21.4.1 Foreign 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.

There are no foreign currencies denominated monetary assets and liabilities as at the reporting dates.

21.4.2 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's interest bearing assets consist of term deposits with banks and investment in bond at fixed interest rate.

The Bourse does not have interest bearing liabilities as at the reporting dates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 (continued)

21 FINANCIAL INSTRUMENTS: (CONTINUED)

21.5 Credit risk

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

Ongoing credit evaluation is performed on the financial condition of trade receivables. The credit risk on liquid funds is limited because the counterparties are banks with good financial standing.

The carrying amount of financial assets recorded in the financial statements represents the Bourse's maximum exposure to credit risk.

21.6 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting commitments associated with financial liabilities.

The Bourse manages the maturities of the Bourse's assets and liabilities in way to be able to maintain adequate liquidity.

The following table details the Bourse's remaining contractual maturity for its non-derivative 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 table includes both interest (if applicable) and principal cash flows.

	<i>1-3 months BD</i>	<i>3 months to 1 year BD</i>	<i>More than 1 year BD</i>	<i>Total BD</i>
2016				
Accounts payable and accruals	362,727	42,100	-	404,827
2015				
Accounts payable	30,268	-	-	30,268

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 (continued)

21 FINANCIAL INSTRUMENTS: (CONTINUED)

21.6 Liquidity risk (Continued)

The table below summarises the maturity of the Bourse's financial liabilities at 31 December 2016 and 2015 based on contractual undiscounted obligation:

	<i>Less than 3 months BD</i>	<i>3-12 months BD</i>	<i>More than 1 to 5 years BD</i>	<i>Total BD</i>
2016				
Receivables (including bank balances)	526,378	113,367	-	639,745
Cash and fixed deposits	2,078,060	1,322,567	-	3,400,627
Investment	-	-	1,000,000	1,000,000
	2,604,438	1,435,934	1,000,000	5,040,372
2015				
Account Receivable	-	99,541	-	99,541
Prepayment and other receivables	-	144,829	-	144,829
Cash and fixed deposits	2,579,998	2,139,311	-	4,719,309
	2,579,998	2,383,681	-	4,963,679

22 FAIR VALUE MEASUREMENT:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying values and the fair value estimates.

There are no financial assets and liabilities measured at fair value at the reporting dates.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values due to their short term nature.

23 OFF BALANCE SHEET ACCOUNTS

Off balance sheet accounts includes:

	<i>2016 BD</i>	<i>2015 BD</i>
Guarantee deposits in custody from financial intermediaries	1,383,415	1,341,663

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