

**Banader Hotels Company B.S.C.**

Financial statements for the  
year ended 31 December 2021

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**Banader Hotels Company B.S.C.**  
**Administration and contact details as at 31 December 2021**

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<b>Commercial registration no.</b>	59045-01 obtained on 20 December 2005 59045-02 obtained on 15 February 2016	
<b>Directors</b>	Mr. Abdulla Hasan Abdulla Buhindi Mr. Jehad Yusuf Abdulla Amin Mr. Mohamed Farooq Yusuf Al-Moayyed Mr. Redha Abdulla Ali Faraj Mr. Khaled Ali Rashed Al-Ameen Mr. Ahmed Mohamed Hussain Ali Yateem Mr. Suhail Mohamed Husain Hajee Mr. Nael Jamil Issa Hashweh Mr. Yusuf Abdulrahman Yusuf Fakhroo	Chairman Vice-Chairman Director Director Director Director Director Director Director
<b>Audit, risk and compliance committees</b>	Mr. Redha Abdulla Ali Faraj Mr. Khaled Ali Rashed Al-Ameen Mr. Ahmed Mohamed Hussain Ali Yateem Mr. Yusuf Abdulrahman Yusuf Fakhroo	Chairman
<b>Remuneration and Corporate Governance Committee</b>	Mr. Abdulla Hasan Abdulla Buhindi Mr. Mohammed Farooq Yusuf Al-Moayyed Mr. Suhail Mohamed Husain Hajee	Chairman
<b>General Manager</b>	Jad Joseph Moukheiber	
<b>Registered office</b>	Flat 52, Building 1006 Road 2813, Block 428 PO. Box 2474 Manama Kingdom of Bahrain	
<b>Registrars</b>	Bahrain Clear B.S.C. (c) PO Box 3203 Manama Kingdom of Bahrain	
<b>Bankers</b>	Bank of Bahrain and Kuwait HSBC Bank Middle East Limited	
<b>Auditors</b>	BDO 17 <sup>th</sup> Floor, Diplomat Commercial Offices Tower PO Box 787 Manama Kingdom of Bahrain	

**Banader Hotels Company B.S.C**  
**Directors' Report for the Year Ended 31 December 2021**

To the shareholders of Banader Hotels Company B.S.C.

On behalf of the Board of Directors of Banader Hotels Company B.S.C. ("the Company" or "the Hotel"), it is my pleasure to present the annual report and financial statements for the year ended 31 December 2021.

Following on the year 2020, and the Covid-19 pandemic worldwide economic downturn, Banader Hotels business continued to be adversely affected while some recovery has been witnessed in the last quarter of 2021. As such, Hotel occupancy was 31% down on 2021 budget and 45% Above 2020 (44% below 2019). Average Daily Room Rate (ADR) increased by 3% compared to 2020 and 2% compared to budget (8% below 2019). Income from F&B was also 28% down on 2021 budget and 25% above 2020. In short, the total revenue of Downtown Rotana Hotel in 2021 was 44% higher than 2020 but 27% down on budget (48% below 2019).

In 2021, BMMI extended an additional BD 3.5 million subordinated loan to Banader in order to further assist the business during the COVID-19 Pandemic

While we remain full of hope that the Pandemic would subside and clear the way for better life and economy in 2022, we find ourselves still challenged with virus Variants and worldwide uncertainty continues to put a strain on our business. Yet, with the help of our present team of experts, we will do our endeavours to find ways to sustain existence in this difficult situation.

We would like to inform our shareholders that, during the year ended 31 December 2021, and in light of the dire situation, the Board of Directors decided not to pay any Board Membership Remuneration (2020: BD 10,500).

Name	Fixed & Variable remunerations					End-of-service award	Aggregate amount	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Incentive plans	Total			
First: Independent Directors:								
Abdulla Hassan Abdulla Buhindi	-	-	-	-	-	-	-	-
Mohammed Farooq Yusuf Al Moayyed	-	-	-	-	-	-	-	-
Khaled Ali Rashed Al Ameen	-	-	-	-	-	-	-	-
Yusuf Abdulrahman Yusuf Fakhro	-	-	-	-	-	-	-	-
Nael Jamil Issa Hashweh	-	-	-	-	-	-	-	-
Second: Non-Executive Directors:								
Jehad Yusuf Abdull Amin	-	-	-	-	-	-	-	-
Redha Abdulla Ali Faraj	-	-	-	-	-	-	-	-
Suhail Mohammed Husain Hajee	-	-	-	-	-	-	-	-
Ahmed Mohamed Husain Yateem	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-



During the year ended 31 December 2021 salaries and other allowances paid to key management BD.162,226/- according to the following table:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2021	Aggregate Amount
Hasan Hubaishi (GM-Banader Up to January-2021)				
Jad Joseph Moukheiber (GM-Banader from February-2021)				
Patrice Cornee (GM-Downtown Rotana Hotel)				
Milton Dabre (Director of Finance)				
Froosh Nur (Executive Sous Chef)				
Upali Dissanayake (Cluster Chief Engineer)				
Gautam Seth (F&B Manager)				
Kahled Ahmed (Cluster Director of Business Development)				
<b>Total</b>	<b>162,226</b>	<b>-</b>	<b>-</b>	<b>162,226</b>

On behalf of the Board of Directors, I would like to express my sincere gratitude to His Majesty King Hamad Bin Isa Al Khalifa, and His Royal Highness the Crown Prince, Prime Minister and Deputy Supreme Commander Prince Salman Bin Hamad Al Khalifa for their visionary leadership, support, and encouragement to the Kingdom's private sector, with special gratitude for sanctioning the special grants to aid affected business sectors in Bahrain this year.

Special thanks are also due to all Government entities and Ministries, especially the Central Bank of Bahrain, the Ministry of Industry, Commerce and Tourism, Bahrain Bourse and Bahrain Clear for their continued support. We reiterate our thanks to all parties that continue to contribute to our success, including but not limited to HSBC Bank Middle East Limited, the BMMI Group and Rotana Hotel Management.

Finally, we express our sincere gratitude and appreciation to our shareholders, for their support, patience and understanding. As we unceasingly strive to do better, we will continue exerting our utmost efforts to meet their expectations.

  
**Abdulla Hassan Buhindi**  
 Chairman  
 23 February 2021

## **Independent auditors' report to the shareholders of Banader Hotels Company B.S.C.**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Banader Hotels Company B.S.C. ("the Company"), which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Code of Ethics for Professional Accountants ("IESBA Code") issued by International Ethics Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters include:

##### **Impairment of property, plant and equipment**

The Company has property, plant and equipment as disclosed in Note 6 of the financial statements which forms 97.82% of the Company's total assets, representing Downtown Rotana Hotel. The Company is incurring losses since commencement of its operations in 2016. However, the management has assessed the impairment of property, plant and equipment of the Company by comparing its carrying value to the recoverable amount through any independent external expert.

The assessment of the recoverable amount requires significant judgement, in particular relating to estimated cash flow projections. Due to the level of judgement, market environment and significance to the Company's financial position, this is considered to be a key audit matter.

Our audit procedure included evaluation of the independence, competencies, capabilities and objectivity of the management's assessment, a critical evaluation of the appropriateness of the method and assumption used by the management. In addition, we also assessed the adequacy and appropriateness of the related disclosures.

## **Independent auditors' report to the shareholders of Banader Hotels Company B.S.C. (continued)**

### **Report on the audit of the financial statements (continued)**

#### **Key audit matters (continued)**

##### ***Revenue recognition***

Revenue represents revenue from rooms, food and beverages, other operating departments and other miscellaneous income. The Company focuses on revenue as a key performance measure and by default, this area has a fraud risk element and is therefore considered as a significant risk.

Our audit procedures included considering appropriateness of revenue recognition as per the Company policy including those relating to discounts and assessing compliance with these policies. We tested the design and effectiveness of internal controls implemented by the Company throughout the revenue cycle. We assessed sales transactions taking place at either side of the statement of financial position date to assess whether the revenue was recognised in the correct period. We also performed analytical review on revenue based on trends in monthly sales and profit margins.

#### **Other information**

Management is responsible for the other information. The other information comprises the information included in the Directors' report and Corporate Governance report but 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 do 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 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, 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.

#### **Responsibilities of management and Those Charged With Governance ("TCWG") for the financial statements**

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Those Charged With Governance are responsible for overseeing the Company'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.

## **Independent auditors' report to the shareholders of Banader Hotels Company B.S.C. (continued)**

### **Report on the audit of the financial statements (continued)**

#### **Auditor's responsibilities for the audit of the financial statements (continued)**

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

- Identify and assess the risk 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 Company's 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 Company'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 disclosures 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 Company to cease to continue as a going concern.
- 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 management and TCWG 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.

We also provide TCWG with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with TCWG, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Independent auditors' report to the shareholders of  
Banader Hotels Company B.S.C. (continued)**

**Report on other legal and regulatory requirements**

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

- (1) we have obtained all the information we considered necessary for the purpose of our audit;
- (2) the Company has carried out stock taking in accordance with recognised procedures and has maintained proper books of account and the financial statements are in agreement therewith; and
- (3) the financial information included in the Directors' report is consistent with the books of account of the Company.

(B) As required by the Ministry of Industry, Commerce and Tourism in its letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that the Company has:

- (1) a corporate governance officer; and
- (2) a Board approved written guidance and procedures for corporate governance.

In addition, we report that, nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or of its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2021.

BDO

Manama, Kingdom of Bahrain  
23 February 2022





**Banader Hotels Company B.S.C.**  
**Statement of financial position as at 31 December 2021**  
**(Expressed in Bahrain Dinars)**

See Auditor's Report dated 23-02-2022  
Signed by BDO, CR No. 10201-04  
Partner: Nath Venkitachalam Viswanath  
Reg. No. 151  
Signature: 

	Notes	31 December 2021	31 December 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	33,153,549	34,895,937
Right-of-use assets	7	<u>215,264</u>	<u>63,055</u>
		<u>33,368,813</u>	<u>34,958,992</u>
<b>Current assets</b>			
Inventories	8	45,203	46,182
Trade and other receivables	9	295,545	501,301
Cash and bank balances	10	<u>181,814</u>	<u>84,350</u>
		<u>522,562</u>	<u>631,833</u>
<b>Total assets</b>		<u><b>33,891,375</b></u>	<u><b>35,590,825</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	11	3,662,099	3,662,099
Preference share capital	11	14,833,615	14,833,615
General reserve	13(a)	100,358	34,313
Accumulated losses	13(b)	<u>(5,910,985)</u>	<u>(3,088,840)</u>
<b>Total equity</b>		<u><b>12,685,087</b></u>	<u><b>15,441,187</b></u>
<b>Non-current liabilities</b>			
Non-current portion of term loan	14	11,352,606	13,701,519
Non-current portion of lease liabilities	15	139,799	2,099
Employees' terminal benefits	17	<u>105,396</u>	<u>99,567</u>
		<u><b>11,597,801</b></u>	<u><b>13,803,185</b></u>
<b>Current liabilities</b>			
Current portion of term loan	14	2,358,710	2,364,654
Current portion of lease liabilities	15	76,800	60,926
Current portion of amount due to a related party	16	5,582,597	2,313,371
Trade and other payables	18	1,590,380	1,600,445
Bank overdrafts	19	<u>-</u>	<u>7,057</u>
		<u><b>9,608,487</b></u>	<u><b>6,346,453</b></u>
<b>Total equity and liabilities</b>		<u><b>33,891,375</b></u>	<u><b>35,590,825</b></u>

These financial statements were approved and authorised for issue by the Board of Directors and signed on their behalf by:


  
Abdulla Hasan Abdulla Buhindi  
Chairman

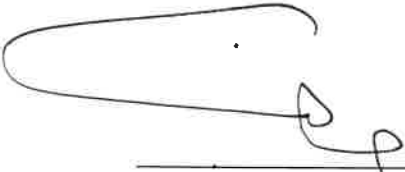
  
Jehad Yusuf Abdulla Amin  
Vice Chairman

**Banader Hotels Company B.S.C.**  
**Statement of profit or loss and other comprehensive income for the year ended**  
**31 December 2021**  
**(Expressed in Bahrain Dinars)**

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Operating income	20	1,651,126	1,143,768
Operating costs	21	<u>(867,647)</u>	<u>(743,895)</u>
<b>Operating profit for the year</b>		<b>783,479</b>	<b>399,873</b>
Other income	22	<u>18,829</u>	<u>530,464</u>
		<b>802,308</b>	<b>930,337</b>
<b>Non-operating expenses</b>			
Depreciation of property, plant and equipment	6	(1,790,827)	(1,894,241)
General and administrative expenses	23	(1,102,807)	(1,195,649)
Finance costs	24	<u>(664,774)</u>	<u>(894,974)</u>
		<b>(3,558,408)</b>	<b>(3,984,864)</b>
<b>Net loss and other comprehensive loss for the year</b>		<b>(2,756,100)</b>	<b>(3,054,527)</b>
<b>Basic loss per share</b>	25	<u>(0.075)</u>	<u>(0.038)</u>
<b>Diluted loss per share</b>	25	<u>(0.011)</u>	<u>(0.013)</u>

These financial statements were approved and authorised for issue by the Board of Directors and signed on their behalf by:

  
Abdulla Hasan Abdulla Buhindi  
Chairman

  
Jehad Yusuf Abdulla Amin  
Vice Chairman

**Banader Hotels Company B.S.C.**  
**Statement of changes in shareholders' equity for the year ended 31 December 2021**  
**(Expressed in Bahrain Dinars)**

	<u>Notes</u>	<u>Share capital</u>	<u>Preference share capital</u>	<u>Capital adjustment account</u>	<u>Statutory reserve</u>	<u>General reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
At 31 December 2019		22,950,150	-	(2,434,650)	65,681	279,236	(17,198,318)	3,662,099
Issued of preference share capital	11	-	14,833,615	-	-	-	-	14,833,615
Reduction in share capital	11	(19,288,051)	-	2,434,650	(65,681)	(279,236)	17,198,318	-
Net loss and other comprehensive loss for the year		-	-	-	-	-	(3,054,527)	(3,054,527)
Transferred to general reserve	13	-	-	-	-	34,313	(34,313)	-
At 31 December 2020		3,662,099	14,833,615	-	-	34,313	(3,088,840)	15,441,187
Net loss and other comprehensive loss for the year		-	-	-	-	-	(2,756,100)	(2,756,100)
Transferred to general reserve	13	-	-	-	-	66,045	(66,045)	-
At 31 December 2021		<u>3,662,099</u>	<u>14,833,615</u>	<u>-</u>	<u>-</u>	<u>100,358</u>	<u>(5,910,985)</u>	<u>12,685,087</u>

**Banader Hotels Company B.S.C.**  
**Statement of cash flows for the year ended 31 December 2021**  
**(Expressed in Bahrain Dinars)**

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
<b>Operating activities</b>			
Net loss for the year		(2,756,100)	(3,054,527)
Adjustments for:			
Depreciation on property, plant and equipment	6	1,790,827	1,894,241
Rent concession on lease	15	-	(23,777)
Loss on disposal of assets		338	
Gain on disposals of right-of-use assets		(96)	(2,062)
Finance costs	24	664,774	894,974
Amortisation of right-of-use asset	7	77,528	124,606
Interest expense on lease liabilities	15	4,284	8,108
Provision for impaired receivables	9	483	6,468
Changes in operating assets and liabilities:			
Inventories		979	12,644
Trade and other receivables		205,273	(54,464)
Trade and other payables		(10,065)	(34,712)
Employees' terminal benefits, net		<u>5,829</u>	<u>1,053</u>
Net cash used in operating activities		<u>(15,946)</u>	<u>(227,448)</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment	6	(50,036)	(16,680)
Proceeds from disposal of property, plant and equipment	6	<u>1,260</u>	<u>-</u>
Net cash used in investing activities		<u>(48,776)</u>	<u>(16,680)</u>
<b>Financing activities</b>			
Principal elements of lease payments		(76,068)	(104,471)
Proceeds from term loan		-	406,292
Repayment of term loan		(2,354,857)	(1,580,248)
Interest on lease liabilities		(4,284)	(8,108)
Net movement in amounts due to related party		3,269,226	2,313,371
Finance costs paid	24	<u>(664,774)</u>	<u>(894,974)</u>
Net cash provided by financing activities		<u>169,243</u>	<u>131,862</u>
Net increase/(decrease) in cash and cash equivalents		104,521	(112,266)
Cash and cash equivalents, beginning of the year		<u>77,293</u>	<u>189,559</u>
Cash and cash equivalents, end of the year		<u>181,814</u>	<u>77,293</u>
Comprising:			
Cash and bank balances	10	181,814	84,350
Bank overdrafts	19	<u>-</u>	<u>(7,057)</u>
		<u>181,814</u>	<u>77,293</u>

## 1 Organisation and activities

Banader Hotels Company B.S.C. ("the Company") is a public joint stock company registered in the Kingdom of Bahrain with the Ministry of Industry, Commerce and Tourism under commercial registration number 59045-1 dated 20 December 2005. The Company owns the Downtown Rotana Hotel ("the Hotel") which is managed by Rotana Hotel Management Corporation Limited L.L.C. under a 10 year agreement beginning from the actual date of takeover of the management and renewable for three additional terms of ten years.

These financial statements include operations and results of Downtown Rotana Hotel B.S.C. CR. No. 59045-2 obtained on 15 February 2016. The Downtown Rotana Hotel commenced its operations from 1 March 2016.

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

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

The Company is a 53.91% subsidiary of BMML B.S.C. ("the Parent Company").

The financial statements, set out on pages 8 to 36 were approved and authorised for issue by the Board of Directors on 23 February 2022.

## 2 Basis of preparation

### *Statement of compliance*

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), and in conformity with the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse.

### *Basis of presentation*

The financial statements have been prepared using the going concern assumption under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The functional and presentation currency of the Company is Bahrain Dinars (BD).

### *Improvements/amendments to IFRS/IAS*

Improvements/amendments to IFRS/IAS contained numerous amendments to IFRS/IAS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Company's future accounting period with earlier adoption.

## 2 Basis of preparation (continued)

### *Standards, amendments and interpretations effective and adopted in 2021*

None of the amendments to standards that were made effective in 2021 had any significant effect on these financial statements.

### *Standards, amendments and interpretations issued and effective in 2021 but not relevant*

The following new amendments to existing standard and interpretation to published standard is mandatory for accounting year beginning on or after 1 January 2021 or subsequent years, but is not relevant to the Company's operations:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 32, IFRS 4,7,9 and 16	Interest rate benchmark reform - IBOR 'phase 2'	1 January 2021
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021

### *Standards, amendments and interpretations issued but not yet effective in 2021*

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 31 December 2021. They have not been adopted in preparing the financial statements for the year ended 31 December 2021 and will or may have an effect on the entity's future financial statements. In all cases, the entity intends to apply these standards from application date as indicated in the table below:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 3	Reference to the conceptual framework	1 January 2022
IAS 16	Property, plant and equipment - proceeds before intended use	1 January 2022
IAS 37	Onerous contracts - cost of fulfilling a contract	1 January 2022
IAS 1	Disclosure of accounting policies	1 January 2023
IAS 1	Classification of liabilities as current or non-current	1 January 2023
IAS 8	Definition of accounting estimates	1 January 2023
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 17	Amendments to IFRS 17	1 January 2023

### *Early adoption of amendments or standards in 2021*

The Company did not early-adopt any new or amended standards in 2021. There would have been no change in the operational results of the Company for the year ended 31 December 2021 had the Company early adopted any of the above standards applicable to the Company.

### 3 Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless stated otherwise.

#### *Property, plant and equipment*

Property, plant and equipment are stated at historical cost less accumulated depreciation. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use.

Depreciation is calculated on the straight-line basis to write-off the cost of property, plant and equipment to their estimated residual values over their expected economic useful lives as follows:

Buildings on freehold land	40 years
Furniture and fixtures	5 - 12 years
Computer and office equipment	5 years
Motor vehicles	5 years
Machinery and equipment	5-15 years

Freehold land is not depreciated as it is deemed to have an infinite life.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written-down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining net profit.

Repairs and renewals are charged to the statement of profit or loss and other comprehensive income when they are incurred.

#### *Impairment of assets*

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

#### *Financial assets - Classification and measurement*

The Company classifies its financial assets into financial assets at amortised cost category. This classification depends on the purpose for which the asset is acquired.

#### *Financial assets at amortised cost*

Financial assets carried at amortised cost are initially recognised at fair value plus transaction cost that are directly attributable to their acquisition or issue and subsequently carried at amortised cost using the effective interest rate method less, provision for impairment. Categories of financial assets measured at amortised cost are given below:



### 3 Significant accounting policies (continued)

#### *Financial assets (continued)*

##### *Financial assets at amortised cost (continued)*

##### *Trade and other receivables*

Trade and other receivables are carried at their anticipated realisable values. An estimate is made for impaired trade receivables based on a review of all outstanding amounts at the year-end. Bad debts are written-off during the year in which they are identified. Impairment provision is recognised based on expected losses over the entire life of the trade and other receivables unless these are collectable over more than 12 months, in which case impairment losses are recognised on three stage expected credit losses model developed internally by the Company.

##### *Cash and cash equivalents*

Cash and cash equivalents are recorded at amortised cost in the financial statements less expected credit loss. Cash and cash equivalents comprise of cash on hand and bank balances which are subject to insignificant risk of fluctuation in its realisable value.

#### *Financial liabilities*

The financial liabilities of the Company consist of trade and other payables and bank borrowings. These financial liabilities are initially recognised at fair value and are subsequently re-measured at amortised cost using the effective interest method.

##### *Trade and other payables*

Trade and other payables are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

##### *Borrowings and borrowing costs*

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. In subsequent periods, these are stated at amortised cost using the effective yield method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the year of the borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the year in which they are incurred.

#### *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost, which is determined on the first in first out basis, comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business net of selling expenses. Where necessary, provision is made for obsolete, slow-moving and defective inventories.

#### *Share capital*

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

### 3 Significant accounting policies (continued)

#### *Employees' terminal benefits*

##### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### *Post-employment benefits*

Employee benefits and entitlements to annual leave, holiday, air passage and other short-term benefits are recognised as they accrue to the employees. The Company contributes to the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain. This is a defined contribution pension plan and the Company's contributions are charged to the statement of profit or loss and other comprehensive income in the year to which they relate. In respect of this plan, the Company has a legal obligation to pay the contributions as they fall due and no obligation exists to pay the future benefits.

The expatriate employees of the Company are paid leaving indemnity in accordance with the provisions of the Bahrain Labour Law. The Company accrues for its liability in this respect on an annual basis.

#### *Revenue recognition*

Revenue arises mainly from the sale of goods and services.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Company often enters into transactions involving a range of the Company's products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

##### *Revenue from food and beverages*

Revenue from sale of food and beverages are recognised at a point in time, upon delivery of the food and beverages.

##### *Revenue from rooms*

Room revenue from hotel operations represents total amounts charged to customers and guests during the period including the service charges net of portion applicable to employees as and where applicable, plus unbilled guest's ledger at the end of the reporting period. Revenue from hotel operations is stated net of rebates and other allowances. These services are either sold separately or bundled together with the sale of food and beverages to a customer.

##### *Revenue from other operating departments*

Revenue from services is recognised as a performance obligation satisfied over time, based on the stage of completion of the contract.

Other revenues earned by the Company are recognised on the accruals basis or when the Company's right to receive payment is established.

### 3 Significant accounting policies (continued)

#### *Leases*

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Company obtains substantially all the economic benefits from use of the asset; and
- (c) The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

### 3 Significant accounting policies (continued)

#### *Leases (continued)*

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is re-measured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

The practical expedient relieves the lessee from having to assess each rent concession to determine whether it meets the definition of a lease modification. It also simplifies the calculations that are prepared by the lessee, since it does not require a revised discount rate. Finally, the practical expedient results in the benefit of the rent concession being reflected in profit or loss in the period in which the event or condition that triggers the revised consideration occurs, rather than being reflected in future periods as revised finance expense and depreciation of the right-of-use asset.”

Based on the exemptions available in IFRS 16, low value and short-term leases are not capitalised in the statement of financial position. All payments made towards such leases are charged to the statement of profit or loss and other comprehensive income on a straight line basis over the period of the lease.

#### 4 Critical accounting estimates and key sources of estimation uncertainty

Preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

The most significant areas requiring the use of management estimates and assumptions relate to:

- economic useful life of property, plant and equipment;
- fair value measurement;
- provisions;
- determination of lease term and the borrowing rates for leases;
- revenue recognition;
- going concern; and
- contingencies.

##### ***Economic useful life of property, plant and equipment***

Property, plant and equipment is depreciated over their economic useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue or bring economic benefit to the Company. The economic useful lives are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of profit or loss and other comprehensive income in specific periods.

##### ***Fair value measurement***

The Company determines the fair value of financial instruments that are not quoted, using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In this regards, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs; and

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur. The Company has only one category of financial assets which is carried at fair value on a recurring basis.

##### ***Provisions***

The Company creates provisions for impaired trade and other receivables to account for estimated losses resulting from the inability of customers to make the required payments. At 31 December 2021, in the opinion of the Company's management, provision amounting to BD9,551 is required for towards impaired trade and other receivables (2020: BD9,068). IFRS 9 has fundamentally changed the receivable loss impairment methodology. The standard has replaced IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

#### 4 Critical accounting estimates and judgments (continued)

##### *Provisions (continued)*

The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

The Company also creates provision for obsolete and slow-moving inventories. At 31 December 2021, in the opinion of the management no provision is necessary in respect for obsolete and slow-moving inventories (2020: BDNil). Estimates of net realisable value of inventories are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the end of the period.

##### *Determination of lease term and the borrowing rates for leases*

The management of the Company exercises judgment while determining if it is reasonably certain while exercising the lease options at the commencement as well as during the lease term. The carrying value of lease liabilities are revised based on certain the variable elements of the future lease payments like rates or index. Determination of incremental borrowing rates used to determine the carrying value of lease liabilities and the discount rates used to determine the carrying value of right-of-use of lease rights involve, to certain extent, management estimates. Any changes to management estimate may have an impact on the term as well as the carrying values of the lease assets and liabilities.

##### *Revenue recognition*

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

##### *Going concern*

The management of the Company reviews the financial position on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due. In addition, the shareholders of the Company ensure that they provide adequate financial support to fund the requirements of the Company to ensure the going concern status of the Company.

##### *Contingencies*

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

#### 5 Significant events and transactions

The World Health Organisation declared coronavirus and COVID-19 a global health emergency on 30 January 2020. Since then, the Company has experienced significant disruption to its operations in the following respects:

- The closure of the hotel outlets due to local governments mandating that 'non-essential' businesses cease normal operations;
- Disruptions in the supply of inventory from major suppliers;
- Decreased demand for travel, accommodation, hotel facilities and hotel outlets, as a consequence of social distancing requirements and recommendations;
- Significant uncertainty concerning when government lockdowns will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for Company's primary products.

## 5 Significant events and transactions (continued)

Based on the nature of operations and the industry in which it operates, the Company's management assessed the significant impact of COVID-19 in the below areas:

- Government grants;
- Going concern; and
- Commitments and contingencies.

### (a) Government grants

The Company applied for various government support programs introduced in response to the global pandemic.

Included in profit or loss are Government grants amounting to BD18,829 (2020: BD100,315) towards salary, GOSI and visa charges and are obtained to support the payroll costs of Company's employees. The Company has elected to present this government grant separately under other income, rather than reducing the related expense. The Company had to commit to spending the assistance on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Company does not have any unfulfilled obligations relating to this program.

### (b) Going Concern

The Company has incurred a net loss of BD2,756,100 during the year ended 31 December 2021. The current period losses have resulted into accumulated losses amounting to BD5,910,985 as at 31 December 2021 raising concern on the going concern status of the Company.

The Company has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Company's future performance, capital and liquidity. The impact of Covid-19 may contribute to evolve, but at the present time the projections show that the Company has ample resources to continue to operational existence and its going concern positions remain largely unaffected and unchanged as at 31 December 2021. As a result, these financial statements have been appropriately prepared on a going concern basis.

### (c) Commitments and contingent liabilities

The Company has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Company, customers and suppliers, with a view of potential increase in contingent liabilities and commitments and no issues were noted.

No other significant impact has been noted by the management on other financial statement areas during the period ended 31 December 2021.

**Banader Hotels Company B.S.C.**  
**Notes to the financial statements for the year ended 31 December 2021**  
**(Expressed in Bahrain Dinars)**

**6 Property, plant and equipment**

<b>Cost</b>	<b>Freehold land</b>	<b>Buildings on freehold land</b>	<b>Furniture and fixtures</b>	<b>Computer and office equipment</b>	<b>Motor vehicles</b>	<b>Machinery and equipment</b>	<b>Total</b>
At 31 December 2019	3,048,313	29,189,225	8,361,120	301,036	26,525	3,214,726	44,140,945
Additions	-	-	-	16,680	-	-	16,680
At 31 December 2020	3,048,313	29,189,225	8,361,120	317,716	26,525	3,214,726	44,157,625
Additions	-	-	-	48,046	-	1,990	50,036
Disposals	-	-	(4,158)	(2,214)	-	-	(6,372)
At 31 December 2021	3,048,313	29,189,225	8,356,962	363,548	26,525	3,216,716	44,201,289
<b>Accumulated depreciation</b>							
At 31 December 2019	-	2,789,773	3,026,040	204,231	23,610	1,323,793	7,367,447
Charge for the year	-	731,730	809,527	59,103	2,915	290,966	1,894,241
At 31 December 2020	-	3,521,503	3,835,567	263,334	26,525	1,614,759	9,261,688
Charge for the year	-	729,731	807,222	32,670	-	221,204	1,790,827
On disposals	-	-	(2,560)	(2,215)	-	-	(4,775)
At 31 December 2021	-	4,251,234	4,640,229	293,789	26,525	1,835,963	11,047,740
<b>Net book value</b>							
At 31 December 2021	3,048,313	24,937,991	3,716,733	69,759	-	1,380,753	33,153,549
At 31 December 2020	3,048,313	25,667,722	4,525,553	54,382	-	1,599,967	34,895,937

Freehold land and building are mortgaged against the term loan obtained by the Company (Note 14).



**Banader Hotels Company B.S.C.**  
**Notes to the financial statements for the year ended 31 December 2021**  
**(Expressed in Bahrain Dinars)**

**7 Right-of-use assets**

	31 December 2021	31 December 2020
<b>Office and staff accommodation</b>		
Opening balance	63,055	221,480
Additions	233,783	8,085
Termination /retirement	(4,046)	(41,904)
Amortisation charge for the year (Note 23)	<u>(77,528)</u>	<u>(124,606)</u>
Closing Balance	<u>215,264</u>	<u>63,055</u>

**8 Inventories**

	31 December 2021	31 December 2020
Food and beverages	<u>45,203</u>	<u>46,182</u>

**9 Trade and other receivables**

	31 December 2021	31 December 2020
Trade receivables	97,284	256,201
Provision for impaired trade receivables	<u>(9,551)</u>	<u>(9,068)</u>
	87,733	247,133
Prepayments	51,950	50,335
Deposits	49,150	60,704
Advance paid to suppliers/contractors	24,832	27,563
Amount due from related parties (Note 27)	53,024	41,182
Advances to staff	1,429	24,932
Other receivables	<u>27,427</u>	<u>49,452</u>
	<u>295,545</u>	<u>501,301</u>

The movement in provision for impaired trade receivables is as follows:

	31 December 2021	31 December 2020
Opening balance	9,068	2,600
Provision for the year (Note 23)	<u>483</u>	<u>6,468</u>
Closing balance	<u>9,551</u>	<u>9,068</u>

Trade receivables are generally on 30 to 60 days credit terms and are denominated in Bahrain Dinars.

It is not the policy of the Company to obtain collateral against trade and other receivables and, therefore, are all unsecured. It is not the policy of the Company to obtain collateral against trade and other receivables and, therefore, are all unsecured. The carrying value of trade and other receivables classified at amortised cost approximates fair value.

**9 Trade and other receivables (continued)**

Amounts due from a related party are unsecured, bear no interest, have no fixed repayment terms, and are authorised by the Company's management.

The Company has applied the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

In the opinion of the Company's management, the fair values of the trade and other receivables are not expected to be significantly different from their carrying values as at 31 December 2021.

**10 Cash and bank balances**

	31 December 2021	31 December 2020
Current account balances	175,655	78,766
Cash on hand	<u>6,159</u>	<u>5,584</u>
	<u>181,814</u>	<u>84,350</u>

The current account balances with banks are non-profit bearing.

**11 Share capital**

	31 December 2021	31 December 2020
<b>Authorised share capital</b>		
<b>Equity shares</b>		
300,000,000 (2020: 300,000,000)		
Equity shares of 100 fils each	<u>30,000,000</u>	<u>30,000,000</u>
<b>Irredeemable preference shares</b>		
148,336,150 (2020: 148,336,150)	<u>148,336,150</u>	<u>148,336,150</u>
Preference shares of 100 fils each		
<b>Issued and fully paid-up</b>		
<b>Equity shares</b>		
36,620,990 (2020: 36,620,990)		
Equity shares of 100 fils each	<u>3,662,099</u>	<u>3,662,099</u>
<b>Irredeemable preference shares</b>		
148,336,150 (2020: 148,336,150)		
Preference shares of 100 fils each	<u>14,833,615</u>	<u>14,833,615</u>

## 11 Share capital (continued)

In accordance with the resolution passed by the Board of Directors of the Company on 25 March 2020, it was resolved to reduce the issued and paid-up capital of the Company and reserves in order to write-off the accumulated losses and capital adjustment account as at 31 December 2019.

Based on the above resolution, the Board of Directors have proposed to reduce the number of shares from 229,501,500 to 36,620,990 of with par value of 100 fils each.

In addition to this, the Board of Directors have also approved the conversion of subordinated loan obtained from BMMI B.S.C. amounting to BD14,833,615 into preference shares by issuing 148,336,150 preference shares having a par value of 100 fils each.

### Additional information on shareholding pattern

The names and nationalities of the major shareholders holding 5% or more of the issued shares as at are as follows:

<u>31 December 2021</u>	<u>Nationality</u>	<u>Number of shares</u>	<u>Percentage of share-holding interest</u>
Bahrain Maritime& Mercantile Intl Co	Bahraini	19,742,793	53.91%
General public and corporations	Various	16,878,197	46.09%
		<u>36,620,990</u>	<u>100%</u>

<u>31 December 2020</u>	<u>Nationality</u>	<u>Number of shares</u>	<u>Percentage of share-holding interest</u>
Bahrain Maritime& Mercantile Intl Co	Bahraini	19,742,793	53.91%
General public and corporations	Various	16,878,197	46.09%
		<u>36,620,990</u>	<u>100%</u>

The shareholders approved the above Board resolutions subsequently in their Extra-Ordinary General Meeting held on 30 March 2020.

The Company has only one class of equity shares and the shareholders have equal voting rights.

The distribution pattern of the issued share capital, setting out the number of shareholders and the percentages broken down into the following categories are as follows:

	<u>Number of shares</u>		<u>Number of shareholders</u>		<u>Percentage of total outstanding shares</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Directors	678,428	678,428	7	7	1.85%	1.85%
Less than 1%	11,902,504	12,301,422	3,116	3,127	32.50%	33.59%
1% up to less than 5%	4,297,265	3,898,347	6	5	11.74%	10.65%
More than 5%	<u>19,742,793</u>	<u>19,742,793</u>	<u>1</u>	<u>1</u>	<u>53.91%</u>	<u>53.91%</u>
	<u>36,620,990</u>	<u>36,620,990</u>	<u>3,130</u>	<u>3,140</u>	<u>100%</u>	<u>100%</u>

## 12 Statutory reserve

Under the provisions of the Bahrain Commercial Companies Law, an amount equivalent to 10% of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the issued share capital is set aside.. During the year, the Company has incurred a loss, no transfer was made to the statutory reserve for the year ended 31 December 2021 (2020: BDNil). The reserve is not available for distribution except for dividend payment as permitted by Bahrain Commercial Companies Law

## 13 (a) General reserve

General reserve represents funds set aside for the future capital expenditure. It is calculated based on 2% of the gross revenue in the first two years of operations, 3% of the gross revenue on the next two years of operations and 4% thereafter. During the year, an amount of BD66,045 (2020: BD34,313) was transferred to general reserve.

### (b) Accumulated losses

Accumulated losses represents the losses incurred during the year and prior periods including prior period adjustments and transactions with shareholders not recognised elsewhere. The distribution of dividend by the shareholders of the Company is prohibited if it has accumulated losses.

## 14 Term loan

	31 December 2021	31 December 2020
HSBC Bank Middle East Limited	13,711,316	16,066,173
Less: current portion of term loan	<u>(2,358,710)</u>	<u>(2,364,654)</u>
Non-current portion of term loan	<u>11,352,606</u>	<u>13,701,519</u>

This represents term loan of up to BD25,000,000 obtained from HSBC Bank Middle East Limited to finance the settlement of the previous credit facility obtained, fund the Hotel construction and its pre-operating expenses until the soft opening, and fund the retention payable to the Hotel's contractors. This loan bears interest rates varying from 2.5% to 2.75% plus T-bills rate, as applicable. The repayment schedule was revised from 29 quarterly instalments ranging from BD131,139 to BD657,011 and final payment of BD11,145,000 to 43 monthly instalments of BD195,746 and final payment of BD9,982,353. The final instalment falls due on 31 October 2023. The loan is secured against the freehold land and building (Note 5) and guarantee by BMMI B.S.C., a related party, of BD25,750,000.

**14 Term loan(continued)**

The Company entered into an assignment of receivables agreement with HSBC Bank Middle East Limited on 8 July 2015 whereby the Company irrevocably and unconditionally assigned to the bank, all monies due and to become due to the Company from its operations until the full amount of loan, including interest, is settled.

That portion of the term loan which is repayable within twelve months from the financial position date is classified as current liability in the statement of financial position

**15 Lease liabilities**

	31 December 2021	31 December 2020
Opening balance	63,025	227,142
Additions	233,783	8,085
Terminations/retirement	(4,141)	(43,966)
Rent concessions	-	(23,777)
Lease payments	(80,352)	(112,567)
Interest charge (Note 23)	<u>4,284</u>	<u>8,108</u>
	216,599	63,025
Less: Current liabilities	<u>(76,800)</u>	<u>(60,926)</u>
Non-current liabilities	<u>139,799</u>	<u>2,099</u>
Maturity analysis - contractual undiscounted cash flows:		
	31 December 2021	31 December 2020
Less than one year	76,800	62,364
One to five years	<u>162,300</u>	<u>2,112</u>
Total undiscounted lease liabilities	<u>239,100</u>	<u>64,476</u>

**16 Amount due to a related party**

	31 December 2021	31 December 2020
BMMI B.S.C.	5,582,597	2,313,371
Less: current portion of amount due to a related party	<u>(5,582,597)</u>	<u>(2,313,371)</u>
Non-current portion of amount due to a related party	<u>-</u>	<u>-</u>

**16 Amount due to a related party(continued)**

The amount due to related party includes loan of BD5,582,597 (2020: BD2,313,371) obtained from BMMI B.S.C. to finance the repayment of term loan obtained from Company's bankers and other working capital requirements. This bears interest of 2.45% plus BHIBOR and is repayable within a maximum period of 60 months. During the previous year, an amount of BD14,833,615 of this balance due has been settled by way of issue of preference shares (Note 11).

**17 Employees' terminal benefits**

*Local employees*

The contributions made by the Company towards the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain for the year ended 31 December 2021 amounted to BD34,821 (2020: BD15,428).

*Expatriate employees*

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

	31 December 2021	31 December 2020
Opening balance	99,567	98,514
Accruals for the year	28,136	30,537
Payments during the year	<u>(22,307)</u>	<u>(29,484)</u>
Closing balance	<u>105,396</u>	<u>99,567</u>
The number of staff employed by the Company	<u>120</u>	<u>101</u>

**18 Trade and other payables**

	31 December 2021	31 December 2020
Trade payables	183,094	205,677
Retention payables	1,174,121	1,174,121
Leave salary and air passage	44,782	53,218
Advances from customers (contract liabilities)	10,803	5,065
Management fee payable	4,501	2,861
Amounts due to related parties (Note 27)	9,342	28,539
Other payables	<u>163,737</u>	<u>130,964</u>
	<u>1,590,380</u>	<u>1,600,445</u>

In the opinion of the Company's management, the fair values of the trade and other payables approximate their carrying values.

Amounts due to related parties are unsecured, bear no interest and have no fixed repayment terms.

**Banader Hotels Company B.S.C.**  
**Notes to the financial statements for the year ended 31 December 2021**  
**(Expressed in Bahrain Dinars)**

**19 Bank overdrafts**

	31 December 2021	31 December 2020
Bank overdrafts	<u>-</u>	<u>7,057</u>
Overdraft facility limit	<u>150,000</u>	<u>150,000</u>

The Company has obtained bank overdraft facilities from HSBC Bank to finance its working capital requirements. The bank overdrafts bear interest at BIBOR plus 2% per annum and are repaid monthly in arrears.

**20 Operating income**

	Year ended 31 December 2021	Year ended 31 December 2020
<i>Primary geographic segment</i>		
Kingdom of Bahrain	<u>1,651,126</u>	<u>1,143,768</u>
<i>Service type</i>		
Room rental income	1,031,436	698,209
Food and beverage	338,391	270,115
Operating departments	<u>281,299</u>	<u>175,444</u>
	<u>1,651,126</u>	<u>1,143,768</u>
<i>Contract counterparties</i>		
Direct to customers	1,647,210	1,137,305
Direct to related parties	<u>3,916</u>	<u>6,463</u>
	<u>1,651,126</u>	<u>1,143,768</u>
<i>Timing of revenue recognition</i>		
At a point in time	338,391	270,115
Over the period of time	<u>1,312,735</u>	<u>873,653</u>
	<u>1,651,126</u>	<u>1,143,768</u>

**21 Operating costs**

	Year ended 31 December 2021	Year ended 31 December 2020
Direct labour	437,327	401,738
Food and beverages	130,208	97,057
Other overhead expenses	<u>300,112</u>	<u>245,100</u>
	<u>867,647</u>	<u>743,895</u>

**Banader Hotels Company B.S.C.**  
**Notes to the financial statements for the year ended 31 December 2021**  
**(Expressed in Bahrain Dinars)**

**22 Other income**

	Year ended 31 December 2021	Year ended 31 December 2020
Government grants (Note 5)	18,829	140,124
Interest on term loan	-	364,501
Rent concessions	-	23,777
Miscellaneous income	-	2,062
	<u>18,829</u>	<u>530,464</u>

**23 General and administrative expenses**

	Year ended 31 December 2021	Year ended 31 December 2020
Staff costs	474,624	546,552
Corporate expenses	125,382	153,891
Commission	88,756	63,820
Amortisation of right-of-use asset (Note 7)	77,528	124,606
IT costs	74,102	78,423
Contract services	49,800	52,498
Legal and professional fees	33,285	28,591
Management fees	33,023	22,875
Printing and stationery expenses	21,231	16,842
Advertisement and business promotion	17,103	15,140
Interest expense on lease liabilities (Note 15)	4,284	8,108
Selling expenses	1,144	13,089
Provisions for impaired trade receivables (Note 9)	483	6,468
Other administrative expenses	102,062	64,746
	<u>1,102,807</u>	<u>1,195,649</u>

**24 Finance costs**

	Year ended 31 December 2021	Year ended 31 December 2020
Interest on term loan	664,774	783,650
Interest on amount due from a related party (Note 27)	-	110,936
Other expenses	-	388
	<u>664,774</u>	<u>894,974</u>



## 25 Basic and diluted loss per share

### a Basic loss per share

Basic loss per share is calculated by dividing the net loss or loss attributable to the shareholders by the weighted average number of ordinary shares issued during the period.

	Year ended 31 December 2021	Year ended 31 December 2020
Net loss attributable to the shareholders	(2,756,100)	(3,054,527)
Weighted average number of ordinary shares	36,620,990	81,415,644
Basic loss per share	(0.075)	(0.038)

### b Diluted loss per share

The Company has potentially dilutive preference shares, hence the diluted loss per shares:

	Year ended 31 December 2021	Year ended 31 December 2020
<i>Numerator:</i>		
Loss used in diluted EPS	(2,756,100)	(3,054,527)
<i>Denominator:</i>		
Weighted average number of ordinary shares	36,620,990	81,415,644
Effects of: convertible preference shares	211,908,785	162,694,996
Weighted average number of shares used in diluted EPS	248,529,775	244,110,640
Diluted loss per share	(0.011)	(0.013)

## 26 Dividend

### *Proposed by the Board of Directors*

The Board of Directors do not propose to pay any dividends to the shareholders for the year ended 31 December 2021 (2020: BDNil).

### *Dividend paid*

The Company has not paid any dividends to the shareholders for the year ended 31 December 2021 (2020: BDNil).

## 27 Transactions and balances with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the major shareholders, directors, key management personnel and their close family members and such other companies over which the Company or its major shareholders, directors, key management personnel and their close family members can exercise significant influence or can be significantly influenced by those parties. Transactions with the related parties are authorised by the management and are on arm's length basis.

**27 Transactions and balances with related parties (continued)**

Transactions with related parties are as follows:

<u>Related party</u>	<u>Related party relationship</u>	<u>Type of transaction</u>	<u>Year ended 31 December 2021</u>	<u>Year ended 31 December 2020</u>
BMMI B.S.C.	Shareholder	Purchases	12,049	9,784
BMMI B.S.C.	Shareholder	Sales	3,916	6,463
BMMI BSC	Shareholder	Rent & Service Charge	1,980	-
BMMI B.S.C.	Shareholder	Interest on loan from related party (Note 24)	-	110,936

The total salary paid to key management during 2021 (including salaries and benefits) amounted to BD162,226 (2020: BD137,008). The total sitting fees to Board of Directors during 2021 was BDNil (2020:BD10,500).

A summary of related party balances is as follows:

	<u>Related party relationship</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
<b><i>Amounts due from related parties (Note 9)</i></b>			
BMMI B.S.C.	Parent Company	19,495	19,321
Bayader S.P.C.	Common shareholder	16,955	6,878
Majestic Arjaan by Rotana	Common management	12,732	2,711
Rotana Hotel Management	Corporate office	2,968	159
Centro Capital Centre Abu Dhabi	Common management	642	612
Amwaj Rotana - Jumeirah Beach Dubai	Common management	228	-
Centro Salama By Rotana - Jeddah	Common management	4	-
Art Rotana Hotel & Resort	Common management	-	11,415
Media Rotana	Common management	-	86
		<u>53,024</u>	<u>41,182</u>
	<u>Related party relationship</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
<b><i>Amounts due to related parties (Note 18)</i></b>			
Majestic Arjaan by Rotana	Common management	4,591	2,512
BMMI B.S.C.	Parent company	4,108	4,701
Arjaan by Rotana Dubai Media City	Common management	535	-
Centro Corniche Khobar	Common management	108	-
Amwaj Rotana - Jumeirah Beach Dubai	Common management	-	192
Rotana Management Hotel	Common management	-	4,615
Art Rotana Hotel & Resort	Common management	-	16,519
		<u>9,342</u>	<u>28,539</u>

## 28 Segmental information

The Company's activities are restricted to building and investing in hotels. As the Company has hotel operations as its only business segment, no business segmental information has been presented.

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

## 29 Financial assets and liabilities and risk management

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, trade and other receivables, amount due to a related party, bank overdrafts, term loan and trade and other payables. The specific recognition methods adopted are disclosed in the individual policy statements associated with each item.

### Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 December 2021 and 2020.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, trade and other payables, amounts due to related parties, term loan, bank overdraft, lease liabilities less cash and bank balances. Equity includes share capital and reserves net of accumulated losses attributable to the shareholders of the Company.

	31 December 2021	31 December 2020
Trade and other payables	1,590,379	1,600,445
Term loan	13,711,316	16,066,173
Amount due to a related party	5,582,597	2,313,371
Bank overdraft	-	7,057
Lease liabilities	216,599	63,025
Less: cash and bank balances	(181,814)	(84,350)
Net debt	20,919,077	19,965,721
Share capital	3,662,099	3,662,099
Preference share capital	14,833,615	14,833,615
General reserve	100,358	34,313
Accumulated losses	(5,910,985)	(3,088,840)
Total equity	12,685,087	15,441,187
Equity and net debt	33,604,164	35,406,908
Gearing ratio	62.25%	56.39%

## 29 Financial assets and liabilities and risk management (continued)

**Risk management** is carried out by the Board of Directors, which has overall responsibility for the Company and oversight of the Company's risk management framework and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board receives monthly reports from the Company's Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Board provides principles for overall risk management, as well as policies covering specific areas, such as credit risk, interest risk, foreign exchange risk and investment of excess liquidity.

**Credit risk** is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Concentration of credit risk with respect to trade receivables is limited due to the Company's diversified customer base. A regular annual review and evaluation of these accounts are carried out to assess the credit standing of the customers. The risk management policy relating to trade and other receivables is provided in Note 9.

**Interest rate risk** is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's policy is to minimize interest rate risk exposures on long-term financing. The Company is exposed to the risk of changes in market interest rates as the Company's term loan, bank overdraft and certain amount due to a related party which bear interest rate ranging from 2% to 2.45% plus BHIBOR. The Company's other assets and liabilities in the opinion of the management are not sensitive to interest rate risk.

Management runs a sensitivity analysis for interest rate risk; if the interest rates during the reporting period had been higher by 100 basis points, with all other variables being constant, the profit for the year would have been higher by BD195,105 (2020: BD184,496) and vice versa.

The sensitivity of the statement of profit or loss and other comprehensive income due to the effect of reasonably possible changes in interest rates, with all other variables held constant, is not estimated to be significant by management.

**Currency rate risk** is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's primary exposure to the risk in changes in foreign currency relates to the transactional currency exposures. Such exposure arises when the transaction is denominated in currencies other than the functional currency of the operating unit or the counterparty. The currency risk on foreign currencies is actively monitored by the Management. The Company's transactions are predominantly in Bahrain Dinars.

## 29 Financial assets and liabilities and risk management (continued)

**Liquidity risk**, also referred to as funding risk, is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company's management monitors liquidity requirements on a regular basis to help ensure that sufficient funds are available to meet all liabilities as they fall due.

The following table shows the maturity profile of financial liabilities as at 31 December 2021:

	<u>Due within 1 year</u>	<u>Between 1 to 5 years</u>	<u>Total</u>
Trade and other payables, net of employees' terminal benefits	1,545,597	-	1,545,597
Amount due to a related party	5,582,597	-	5,582,597
Term loan	<u>2,358,710</u>	<u>11,352,606</u>	<u>13,711,316</u>
	<u>9,486,904</u>	<u>11,352,606</u>	<u>20,839,510</u>

The following table shows the maturity profile of financial liabilities as at 31 December 2020:

	<u>Due within 1 year</u>	<u>Between 1 to 5 years</u>	<u>Total</u>
Bank overdraft	7,057	-	7,057
Trade and other payables, net of employees' terminal benefits	1,547,227	-	1,547,227
Amount due to a related party	2,313,371	-	2,313,371
Term loan	<u>2,364,654</u>	<u>13,701,519</u>	<u>16,066,173</u>
	<u>6,232,309</u>	<u>13,701,519</u>	<u>19,933,828</u>

### Fair value measurement

**Fair value** is the amount 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.

Financial instruments not measured at fair value on recurring basis include trade and other receivables excluding prepayments, cash and bank balances, amount due to related party, bank overdraft, term loan and trade and other payables. In the opinion of the management, due to the short-term nature of these financial instruments, the fair value of these financial instruments is not significantly different from their carrying amounts as at 31 December 2021.

## 30 Subsequent events

There were no significant events subsequent to 31 December 2021 and occurring before the date of the report that are expected to have a significant impact on these financial statements.

Banader Hotels Company B.S.C.

**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. Description of the actions taken to complete the Corporate Governance Code during the year 2021.**

Corporate Governance is about promoting corporate fairness, transparency, and accountability. It is a continual process, which aims at transforming corporations into more democratic entities with a view to enhancing responsible corporate management geared towards long-term value creation. The Company is committed to the formulation of its corporate governance policies and the programmed implementation of these policies. The Corporate Governance Code for the Company was approved by the Board of Directors in 2015. This Code is based on the High-Level Control Module Volume 6 of CBB Rule Book. On 5 April 2018 the Official Gazette No. 3360 Publication Order No. (19) of 2018 concerning Issuance of the Corporate Governance Code for 2018 which entered into force on 1 September 2018.

Banader Hotels Company has formed the Remuneration and Corporate Governance Committee, which is concerned with following an approach to lead the company for directing and controlling its business, and it includes mechanisms to organize various relationships between the board of directors, executive managers, shareholders and stakeholders, by setting special rules and procedures to facilitate follow-up and decision-making process, and make it transparent and credible with a view to protecting the rights of shareholders and stakeholders, and achieving justice, competition and transparency.

**2. Description of the transactions of the board of directors in the Company's shares during the year 2021 according to the following table:**

Name	Position	Shares Held 31/12/2021	Total sale Transaction	Total Purchase Transaction
Abdulla Hassan Abdulla Buhindi	Chairman	175,816	-	-
Jehad Yusuf Abdull Amin	Vice- Chairman	398,918	-	-
Mohammed Farooq Yusuf Al Moayyed	Director	15,956	-	-
Redha Abdulla Ali Faraj	Director	1,558	-	-
Khaled Ali Rashed Al Ameen	Director	69,636	-	-
Yusuf Abdulrahman Yusuf Fakhro	Director	15,956	-	-
Suhail Mohammed Husain Hajee	Director	588	-	-
Nael Jamil Issa Hashweh	Director	-	-	-
Ahmed Mohamed Husain Yateem	Director	-	-	-

**3. Composition of the Board:**

The Board of Directors of Banader Hotels Company (BSC) had nine members as on 31 December 2021. Election / re-election of the Board members take place every three years at the meeting of the shareholders. In light of the Ministerial decision Resolution No. "87" of 2020 due to the situation related to the Corona Virus (Covid-19) pandemic, the election of the members of the Board of Directors has been postponed.



**Banader Hotels Company B.S.C.**

**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

**A. Description of the current Board composition according to the following table:**

The following table summarizes the information about the Qualification, and experience in years and start date of the current Board members:

<b>Name of Board Member</b>	<b>Executive / Non-executive Independent / Non-independent</b>	<b>Qualification</b>	<b>Experience in years</b>	<b>Start date</b>
Abdulla Hassan Abdulla Buhindi	Non-executive / Independent	Bachelor of Commercial Banking	55	2005
Jehad Yusuf Abdulla Amin	Non-executive / non-independent	Businessman	44	2020
Mohammed Farooq Yusuf Al Moayyed	Non-executive / Independent	Bachelor of Business Administration	23	2005
Redha Abdulla Ali Faraj	Non-executive / non-independent	ACCA	60	2016
Khaled Ali Rashed Al Ameen	Non-executive / Independent	Bachelor of Marketing	30	2009
Yusuf Abdulrahman Yusuf Fakhro	Non-executive / Independent	Bachelor's International Relations	20	2012
Suhail Mohammed Husain Hajee	Non-executive / non-independent	MBA & Bachelor of Computer Engineering	34	2012
Nael Jamil Issa Hashweh	Non-executive / Independent	Hotel Management Diploma	49	2012
Ahmed Mohamed Husain Yateem	Non-executive / non-independent	Bachelor of Business Administration	13	2019

**The following board members had directorship in the board of other listed companies in Bahrain:**

<b>Name of the Board member</b>	<b>No. of directorships in other listed companies in Bahrain</b>	<b>No. of directorships in other related commercial entities in Bahrain</b>	<b>Position in Key Regulatory/ Government entities</b>
Abdulla Hassan Abdulla Buhindi	3	2	none
Jehad Yusuf Abdulla Amin	5	0	none
Mohammed Farooq Yusuf Al Moayyed	1	1	none
Redha Abdulla Ali Faraj	1	1	Shura Council Member Minors Estate Guardianship Council
Khaled Ali Rashed Al Ameen	4	1	Economic Development Board
Yusuf Abdulrahman Yusuf Fakhro	1	0	none
Suhail Mohammed Husain Hajee	1	0	none
Nael Jamil Issa Hashweh	0	0	none
Ahmed Mohamed Husain Yateem	1	1	none



## Banader Hotels Company B.S.C.

### **CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **B. Description of the sitting fees paid to the directors for attendance of the Board's committees for the financial year ended 31 December 2021 according to the following table:**

The company's board of directors decided in March 2021 to waive attendance allowances due to the economic conditions.

#### **Summary of the remuneration paid to the Board of Directors according to the following table:**

	<b>2021 BD</b>	<b>2020 BD</b>
<b>Total remunerations paid to the directors</b>	-	10,500

#### **C. Number of the Board's meetings held during the financial year 2021**

The Company should hold a minimum of four Board meetings during each year. During the year ended 31 December 2021, three meetings (2020: four meetings) of Board of Directors were held.

The following table summarizes the information about Board of Directors meeting dates and attendance of directors at each meeting:

<b>Board Member</b>	<b>Position</b>	<b>15 Feb</b>	<b>25 Oct</b>	<b>25 Nov</b>
Abdulla Hassan Abdulla Buhindi	Chairman	x	x	x
Jehad Yusuf Abdulla Amin	Vice Chairman	x	x	x
Mohammed Farooq Yusuf Al Moayyed	Member	x	-	x
Redha Abdulla Ali Faraj	Member	x	-	-
Khaled Ali Rashed Al Ameen	Member	x	x	x
Yusuf Abdulrahman Yusuf Fakhro	Member	x	x	x
Suhail Mohammed Husain Hajee	Member	x	x	x
Nael Jamil Issa Hashweh	Member	x	x	x
Ahmed Mohamed Husain Yateem	Member	x	-	x

#### **D. Board and Directors' responsibilities**

The Board of Directors is accountable to shareholders for the proper and prudent investment and preservation of shareholders' interests. The Board of Directors' role and responsibilities include but are not limited to:

- Monitoring the overall business performance;
- Monitoring management's performance and succession plan for senior management;
- Monitoring conflicts of interest and preventing abusive related party transactions;
- Accurate preparation of the annual and quarterly consolidated financial statements;
- Convening and preparing for the shareholders' meetings;
- Recommend dividend to shareholders and ensure its execution;





**Banader Hotels Company B.S.C.**

**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

- Adopt, implement, and monitor compliance with the Company's Code of Conduct; and
- Select, interview, and appoint General Manager and other selected members of senior management.

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

**Material transactions requiring board approval**

The following material transactions require Board's review, evaluation, and approval:

- The Company's strategy;
- The annual budget;
- Major resource allocations and capital investments; and
- Management responsibilities and training, development, and succession plan for senior management.

**Evaluation of Board Performance**

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

**Chairman and Vice Chairman Performance**

The Chairman and Vice Chairman performance is evaluated by the Board on annual basis.

**E. Details of transactions with related parties, indicating the nature of relationship and type of transaction during 2021.**

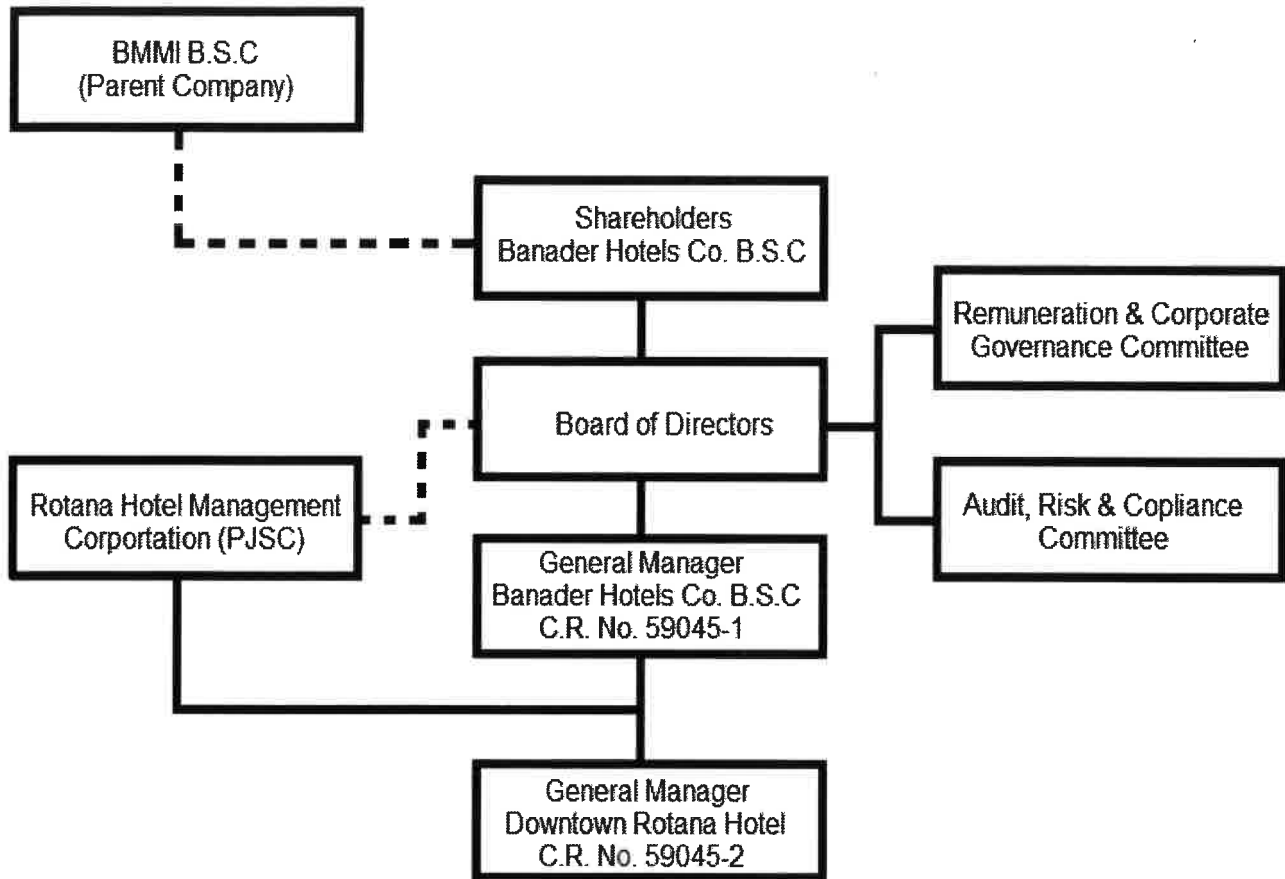
<b>Name of related party</b>	<b>Relationship</b>	<b>Transaction Nature</b>	<b>Amount (BD)</b>
BMMI B.S.C.	Parent company	Sales	3,916
BMMI B.S.C.	Parent company	Purchase	12,049
BMMI B.S.C.	Parent company	Rent and service charges	1,980
		Total	<b>17,945</b>



**Banader Hotels Company B.S.C.**

**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

**F. Banader's Organizational Structure:**



**G. The following table summarizes the total remuneration paid to members of the Executive Management during the year:**

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2021	Aggregate Amount
Hasan Hubaishi (GM-Banader Up to January-2021)				
Jad Joseph Moukheiber (GM-Banader from February-2021)				
Patrice Cornee (GM-Downtown Rotana Hotel)				
Milton Dabre (Director of Finance)				
Froosh Nur (Executive Sous Chef)				
Upali Dissanayake (Cluster Chief Engineer)				
Gautam Seth (F&B Manager)				
Kahled Ahmed (Cluster Director of Business Development)				
<b>Total</b>	162,226	-	-	162,226



**Banader Hotels Company B.S.C.**

**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

**H. The following table summarizes the information about the business title, experience in years and the qualifications of each member of the Executive Management as at 31 December 2018:**

<b>Name of Executive member</b>	<b>Designation / Business title</b>	<b>Experience</b>	<b>Qualification</b>
Mr. Jad Joseph Moukheiber	General Manager	24	Master of Business Administration.

**4. External Auditors**

BDO Bahrain was established in 1980, it is one of the leading accounting and consulting firms in the Kingdom of Bahrain. BDO Bahrain is a member of the BDO International Network, which enables it to communicate with various consultants within the BDO International Network, which has more than 1,591 offices over more than 162 countries around the world. BDO Bahrain is led by eight partners and provides various professional services in the field of external and internal auditing, advisory and tax services.

Name of Audit Firm	BDO
Years of Service as the Company's external Auditors	Three Year
Name of Partner in Charge of the Company's Audit	Nath Venkitachalam
The Partner's years of service as in-charge of the company	Two Year
Total Audit Fees for the year ended 31 December 2020	BD 3,850
Other Special fees for non-audit Services	None

**5. Audit, Risk & Compliance Committee**

**A. The Audit, Risk and Compliance Committee comprises five members as at 31 December, 2021, and their responsible for the following:**

- Monitoring the integrity of the Financial Reporting Process, Banader systems of Internal Control, review of the consolidated financial statements and reports, compliance of the Board with legal and regulatory requirements and the performance of the Company's Internal Audit function.
- To recommend the appointment of External Auditors, agreeing their compensation, overseeing their independence, and preparing reports required to be prepared by the Audit Committee pursuant to Central Bank of Bahrain, Bahrain Bourse, Bahrain Commercial Companies Law and other regulatory authorities in the Kingdom of Bahrain.

**The main activities of the committee:**

**1. External Audit and Financial Reporting**

External audit is an examination of the Company's financial statements in accordance with the applicable laws, regulations, and reporting standards. The Committee recommends the appointment of external auditors, in conjunction with the Management, to the Board of Directors and General Assembly. The Committee reviews Banader's quarterly reviewed Financial Statements and Annual Audited Financial Statements and recommends to the Board. The Committee oversees the independence of the External Auditors.



## **Banader Hotels Company B.S.C.**

### **CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **2. Internal Audit**

Internal audit is an independent, objective assurance function, appointed to evaluate and improve the effectiveness of risk management, control, and governance processes. The Company has outsourced its internal audit function, which reports to the Audit, Risk and Compliance Committee.

The Committee shall discuss with the Internal Auditor the overall scope, methodology, plans and budget for the internal audit. The risk-based internal audit plan includes a significant emphasis on audit review of areas where major risks have been identified (based on risk ranking) under the risk management mechanism. The Committee reviews the deliverables submitted by the internal auditors and monitors the performance.

#### **B. Number of Audit, Risk & Compliance Committee meetings**

The Company should hold a minimum of four Audit, Risk & Compliance Committee meetings each year. During the year ended 31 December 2021, four meetings (2020: Four meetings) of the Audit, Risk & Compliance Committee were held.

The following table summarizes the information about the Committee meetings dates and attendance of directors at each meeting:

<b>Audit Committee Members</b>	<b>Position</b>	<b>15 Feb</b>	<b>22 Apr</b>	<b>25 Oct</b>	<b>25 Nov</b>
Redha Abdulla Ali Faraj	Chairman	x	x	-	x
Yusuf Abdul Rahman Yusuf Fakhroo	Vice Chairman	x	x	x	x
Khaled Ali Rashed Al Ameen	Member	x	x	x	x
Ahmed Mohamed Husain Yateem	Member	x	x	-	-

#### **6. The Remuneration and Corporate Governance Committee**

A. The Board of Directors decided to form one committee to combine the “Remuneration and Rewards” matters and the “Corporate Governance” matters into one committee. The Chairman of the committee shall be an independent director. This shall be in line with international best practice under which the committee can exercise its powers without conflict between personal and functional interests. The following are the committee's competence and tasks entrusted to it:

- Review the company's policies relating to the remuneration of directors and senior executives, which shall be approved by the shareholders;
- Make recommendations to the Board on remuneration policies and amounts allocated to each person, taking into consideration the total remuneration, including salaries, fees, expenses and employee benefits, subject to the rules and provisions of the Commercial Companies Law concerning the payment of remunerations and other benefits as well as the company's articles of association.
- Remunerate directors based on their attendance and performance.
- Developing and making recommendations on the changes required under the company's corporate governance policy from time to time. The governance committee may be merged with the nomination and remuneration committee;
- Monitoring and overseeing the implementation of the corporate governance framework by working together with the executive management, audit committee and Shari'a supervisory board; and
- Providing the Board with reports and recommendations based on its findings in the performance of its duties.

**Banader Hotels Company B.S.C.****CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021****Remuneration policy**

The remuneration policy is based on basic and attendance fees. In light of the economic conditions the company's board of directors decided in March 2021 to waive attendance allowances, (2020: BD 10,500).

**Election system of Directors and termination process**

Election / re-election of the Board members take place every three years at the meeting of the shareholders. The last election of Board members was held on 14 March 2018. The next election will be at the shareholders' meeting to be scheduled after Corona Virus (Covid-19) exceptional ancones cases have ceased.

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

**B. Number of the Remuneration and Corporate Governance Committee meetings**

The Company should hold a minimum of two Remuneration and Corporate Governance Committee meetings each year. During the year ended 31 December 2021, one meeting were held.

The following table summarizes the information about the Committee meeting date and attendance of directors at the meeting:

Committee Members	Position	15 February
Abdulla Hassan Abdulla Buhindi	Chairman	x
Mohammed Farooq Yusuf Al Moayyed	Vice Chairman	x
Suhail Mohammed Husain Hajee	Member	x

**7. Corporate Governance Officer Details:**

Name	Qualifications	Date of Appointment	Contact Details
Mr. Jad Joseph Moukheiber	Bachelor of Law & Master's in political science and International Affairs	4-Feb-21	97317200064 Jmoukheiber@banaderhotels.com

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

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

The Board of Directors has adopted the Banader's Code of Business Conduct and a Company's Whistleblower Policy to monitor compliance with the Company's ethics. The Code of Business Conduct provides clear directions on conducting business internationally, interacting with governments, communities, business partners and general workplace behavior having regard to the best practice of corporate governance models and ethics.

**9. SOCIAL RESPONSIBILITY**

As the Company is still below break-even threshold, social obligations have not been developed yet.



**Banader Hotels Company B.S.C.**

**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

**10. Statement of Shareholders' equity as of 31/12/2021:**

**A. Statement of shareholders' equity as of 31/12/2021**

<b>Consolidated Shareholding Pattern as on 31/12/2021</b>			
<b>Category</b>	<b>No. of Holders</b>	<b>Total Shares</b>	<b>% To Equity</b>
INDIVIDUALS	3053	10,825,592	29.56
PROMOTERS	15	581,036	1.59
PRIVATE COMPANIES	30	1,915,062	5.23
LOCAL INVESTOR			
INDIVIDUAL PRIVATE COMPANIES	8	170,684	0.47
PUBLIC LOCAL COMPANIES REGISTERED IN BHB	7	20,925,861	57.14
CLOSED LOCAL COMPANIES	8	1,388,466	3.79
BOARD MEMBERS	7	678,428	1.85
LOCAL PRIVATE SECTOR			
GCC INVESTOR	1	8,548	0.02
GCC COMPANIES	1	127,313	0.35
<b>Total</b>	<b>3,130</b>	<b>36,620,990</b>	<b>100.00 %</b>

**B. Description of the Shareholders who hold 5% of the Company's Share Capital as at 31/12/2021.**

<b>Shareholders holding 5 % and above Shares as on 31/12/2021</b>			
<b>Name</b>	<b>No. of shares</b>	<b>% of equity</b>	<b>Category</b>
BMMI BSC	19,742,793	53.91%	PUBLIC LOCAL COMPANIES REGISTERED IN BHB

**C. Description of how shareholders are distributed according to their respective shareholding as at 31/12/2021 as follows:**

<b>Distribution Schedule - Consolidated as on 31/12/2021</b>			
<b>Shares Category</b>	<b>No. of Holders</b>	<b>Total Shares</b>	<b>% of Amount</b>
1 – 50,000	3,053	3,745,541	10.23%
50,000 – 500,000	72	9,693,712	26.47%
500,000 – 5,000,000	4	3,438,944	9.39%
5,000,000 & Above	1	19,742,793	53.91%
<b>TOTAL</b>	<b>3,130</b>	<b>36,620,990</b>	<b>100.00 %</b>

**11. Means of communication with shareholders and investors**

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

Information is communicated to shareholders through the distribution of the Company's Annual Financial Statement presented at the AGM and is posted on the Company's website and released to Bahrain Bourse and in local media in a timely manner.

The Company General Manager is responsible for communications with the shareholders and Bahrain Bourse and ensuring that the Company meets its continuous disclosure obligations.



**Banader Hotels Company B.S.C.**

**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

**12. Compliance with the provisions of the Corporate Governance Code**

<b>Principle</b>	<b>Non-Compliant</b>	<b>Partially Compliant</b>	<b>Fully Compliant</b>	<b>Explanation in case of non-compliance</b>
Principle 1: The Company shall be headed by an effective, qualified, and expert board.			√	
Principle 2: The directors and executive management shall have full loyalty to the company.			√	
Principle 3: The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.			√	
Principle 4: The Company shall have effective procedures for appointment, training, and evaluation of the directors			√	
Principle 5: The Company shall remunerate directors and senior officers fairly and responsibly.			√	
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, powers, roles, and responsibilities.			√	
Principle 7: The Company shall communicate with shareholders, encourage their participation, and respect their rights.			√	
Principle 8: The Company shall disclose its corporate governance.			√	
Principle 9: Companies which offer Islamic services shall adhere to the principles of Islamic Shari'a				Not Applicable
Principle 10: The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.			√	
Principle 11: The Company shall seek through social responsibility to exercise its role as a good citizen.				Not Yet Applicable

Abdulla Hassan Abdulla Buhindi  
Chairman