



Working together
for the pride of a nation

ANNUAL REPORT 2015



The BENEFIT Company

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Licensed by Central Bank of Bahrain as Ancillary Service Provider



His Royal Highness
Prince Khalifa bin Salman
Al Khalifa
Prime Minister



His Royal Majesty
King Hamad bin Isa
Al Khalifa
King of the Kingdom of Bahrain



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



Contents

| | |
|---|----|
| Introduction | 4 |
| Building pride through innovation..... | 4 |
| Pride | 6 |
| Vison and Mission..... | 8 |
| Company Profile..... | 9 |
| Building pride through leadership..... | 10 |
| Chairman's Statement..... | 12 |
| Building pride through partnership | 14 |
| CEO Statement | 16 |
| Building pride throughout the community | 18 |
| Board of Directors..... | 20 |
| Management Team | 22 |
| Pride in our achievements. Delivering the future... today..... | 24 |
| Five Years Growth..... | 26 |
| Corporate Governance..... | 28 |
| Annual General Meeting Minutes | 38 |
| Extraordinary General Meeting Minutes | 41 |
| Report of the Directors | 42 |
| Independent Auditors' Report to the Shareholders | 45 |
| Consolidated Statement of Financial Position | 46 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 47 |
| Consolidated Statement of Changes of Equity | 48 |
| Consolidated Statement of Cash Flows | 49 |
| Notes..... | 50 |

Introduction

Building pride through innovation

There is a sense of completeness when a task is finished. A sense of satisfaction prevails when it is finally done. And nothing new can be added.

An artist knows this feeling when she applies the last dab of paint on a canvas. Or the sculptor when he chisels off the last granule of granite into shape. Or the pianist hitting the final note of a symphony as the sound continues to reverberate in the auditorium before descending into silence.

It's a moment that lingers like the fading echoes of an athlete crying out in exhilaration after being the first to reach the finishing line. It's a moment unlike any other and one single word exists that perfectly describes this feeling of accomplishment.





Pride.

Some see it as a force of nature, an unstoppable energy that powers individuals to perform great deeds and delight in it. And others see in it the very molecules that go into nation building as each person with great pride joins hands with another to achieve great things.

The story of the Kingdom of Bahrain has been a story of pride. This story spans centuries of progress that have helped shape the entrepreneurial drive and outward looking mindset of its people. A story of transformation that has seen the Kingdom of Bahrain emerge as one of the most free economies in the world and a proud symbol of innovation, economic diversity and industrial growth.

Today, the Kingdom of Bahrain is praised for consistently formulating bold investor friendly policies that have energized the business community to reach and exceed their potential. Many organizations consider the Kingdom of Bahrain as the hub of their regional operations.

The BENEFIT Company is proud to be part of this story. We are committed to play a key role in bolstering the Kingdom's attractiveness as a business friendly. Our products and services have been developed to deliver greater ease and convenience in business processes and in making technology an effective tool for efficiency, immediacy, simplicity, expandability and accessibility.

We take proactive steps in being innovative in the way we serve our clients and support their business through leadership in electronic payments & fund transfer, business process outsourcing and risk management. Our goals remain the same. We are here to build a sense of pride for the Kingdom of Bahrain's business community and develop state-of-the-art technologies that will promote greater collaborative opportunities between the financial sector in the Kingdom of Bahrain and their growing customer base in the Kingdom of Bahrain and across the region.



Vision

To be a leader in the Electronic Payments and fund transfer and Business Process service and support in the financial and non-financial sectors by adding value to the shareholders and community in the region.

Mission

Provide innovative Payment Capabilities, Information Management Solutions, and Business Process Outsourcing services that add value to the financial sector and other stakeholders to manage their business effectively.

Company Profile

At the heart of BENEFIT's success is the support given by its highly qualified staff – 95 per cent of whom are Bahraini. This accomplishment demonstrates the success of the company's Bahrainization policies and the world class talent available amongst young Bahrainis.

The BENEFIT Company takes great pride in its role as an organization dedicated towards strengthening the Kingdom of Bahrain's credentials as an economic powerhouse.

BENEFIT remains committed towards providing ease, convenience and speed to both business processes and financial transactions, and in enabling the Kingdom of Bahrain's financial sector to seamlessly connect with customers spread across diverse geographical base, enriching business relationships and boosting interactions with member banks and other stakeholders.

As provider of one of the most sophisticated tools for all electronic financial transactions throughout the kingdom, BENEFIT's road to success has been paved by a combination of skilled workforce, cutting edge technology focused strategic planning and initiatives, and a determination to provide the most modern financial service for those residing in the Kingdom of Bahrain.

BENEFIT was established in November 1997 by 17 commercial banks as the National ATM and Point of Sale switch of the Kingdom of Bahrain. It is licensed by the Central Bank of Bahrain (CBB) as a 'the provider of ancillary services for the financial sector;'. The company's mandate was very simple – to improve, to enhance and to enable the local and regional financial industry to thrive on a global scale.

BENEFIT's range of services – supported by GCCNET in countries within the region – include switching of Automated Teller Machines (ATM) transaction, Point of Sale (POS) transaction, GCCNET, The GCCNET Dispute Management System, Bahrain Credit Reference Bureau (BCRB), Telecom Bill Payment (Tele BP), Direct Debit (DD), Payment Gateway (PG), Internet Banking (IB), Bahrain Cheque Truncation System (BCTS), Electronic Fund Transfer System (EFTS) and Amex Cards withdrawal.

BENEFIT remains committed to strengthen the Kingdom of Bahrain's position as the financial hub of the region, and continues to provide robust infrastructural support for the financial industry. As a result, the financial and banking community remains well poised to help customers achieve their goals through platforms designed to steer growth.

At the heart of BENEFIT's success is the support given by its highly qualified staff – 95 per cent of whom are Bahraini. This accomplishment demonstrates the success of the company's Bahrainization policies and the world class talent available amongst young Bahrainis.

BENEFIT is administered by a Board of Directors who represent the shareholders. The company's paid-up capital is to the value of BD 3.1 million (US\$ 8.2 million approx.).

The original 17 shareholders have now become 14 as a result of mergers and acquisitions in the retail banking sector.

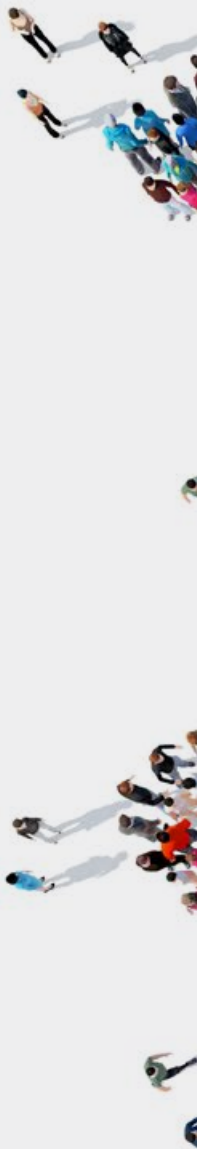
1. National Bank of Bahrain (NBB)
2. Bank of Bahrain and Kuwait (BBK)
3. Ahli United Bank (AUB)
4. Standard Chartered Bank
5. HSBC
6. Bahrain Islamic Bank (BisB)
7. Citibank
8. Al Salam Bank
9. BMI Bank
10. Arab Bank
11. Future Bank
12. Ithmaar Bank
13. Habib Bank
14. United Bank Limited

Building pride through leadership

The Kingdom of Bahrain's status as a regional financial hub has been bolstered through a combination of stringent regulatory mechanism, far sighted and liberal economic policies and an advanced technological infrastructure to facilitate smooth, instant and seamless financial transactions.

BENEFIT has been proud to support the Kingdom of Bahrain's success story as a leading banking and financial center and continues to play a key role in setting up the technology needed to boost the effectiveness of both banks and financial institutions operating in the kingdom. BENEFIT's ever expanding suite of products and services have been tailored to enhance connectivity and enrich productivity for both individuals and organizations.

By working closely with the Government of Bahrain and the Central Bank of Bahrain, BENEFIT remains firmly committed towards strengthening the Kingdom of Bahrain's leadership in the world of of business, and generate greater pride in its growing reputation as one of the world's most free economies.





Chairman's Statement



Our aim is to continue being the efficient performing and trusted name in the sector we operate, and prepare the groundwork for the long-term success of our member banks in delivering quality service to their customers.

Abdul Razak Abdulla Hassan Al Qassim

Chairman

The BENEFIT Company's performance in 2015 presented another opportunity to position the company as a driver for sustainable growth, generator of value added services for the banking and financial services sector, a reliable partner to all our shareholders and stakeholders, and a conduit for strengthening the Kingdom of Bahrain's position as the financial center of the region.

We at BENEFIT provide the technological infrastructure necessary to deliver shared services for the banking and financial services industry. This role has given BENEFIT the centerstage in accomplishing the task of increasing the Kingdom of Bahrain's attractiveness as a place to do business, promote greater automation in business transactions, and further confirm the Kingdom of Bahrain's credentials as an investor friendly nation.

Our aim is to continue being the efficient performing and trusted name in the sector we operate, and prepare the groundwork for the long-term success of our member banks in delivering quality service to their customers.

BENEFIT has built a strong platform for growth through diversity of value added services that prompt greater agility and responsiveness in customer service. The end result is ensures that our member banks are able to achieve increased customer satisfaction through the services they provide.

We are encouraged by the number of customers opting for electronic transactions and relying less on traditional methods for conducting fund transfer or bill payments. This move has enabled BENEFIT to create a portfolio of products and services that add value to every transaction and boost speed, ease and convenience.

The year 2015 also marked the second year of the three-year strategy that was launched on 2014. BENEFIT remains on track to achieve the goals outlined in the strategy, namely, launching of customer focused and cost competitive products and services, reduction in overhead costs for clients and enhance the efficiency and effectiveness of the financial sector.

One of the primary developments of 2015 was the launch of the Electronic Fund Transfer System (EFTS) during the latter half of 2015.

The successful launch of the EFTS service was possible due to the effective team work between BENEFIT and the 26 participating banks. The collaborative energy demonstrated the power of harnessing combined skills to produce results that will benefit the larger community.

The launch of EFTS occupied a substantial portion of 2015 and involved tremendous time, resource and personnel. As many factors needed to be taken into consideration, the joint efforts of all stakeholders was crucial to the products success.

The three products launched under its ambit — Fawri+, Fawri and Fawteer — have been lauded for bringing to customers the fastest and the easiest method for fund transfer and bill payment. With much lower charges on transactions, we are confident of its growth prospects as more customers begin to use these services for all their electronic banking needs.

The three products launched last year continue to generate positive results. Credit Reference Bureau, GCCNET Point-of-Sale and Mobile Payments have maintained a consistent growth pattern and earning substantial support from customers.

The impact of these new products and services on the balance sheet has been highly encouraging as they clearly reflect the fundamental strength of the company. In view of this we are pleased to report another successful year with a growth rate of 14 per cent as compared to the results of 2014. Profitability remained on a steady keel while operating income, assets and equity grew by 11 per cent, 17 per cent and 19 per cent respectively.

As BENEFIT reaches the half-way point of the three-year strategic blue print, we are increasingly confident that the company will remain focused on addressing challenges and delivering solutions that will enhance long-term success. We are dedicated to achieve success for the Kingdom of Bahrain and ensure that our corporate goals reflect the core principles enshrined in the Economic Vision 2030.

Our goal remains unchanged. We are here to provide the necessary tools that will increase efficiency for our clients and make their businesses more effective in reaching out to a wider customer base.

We continue investing in training programs for our employees as well as expanding opportunities to help them exceed their potential. We see these efforts to be vital for our growth and also in expanding.

Finally, we thank our member banks and clients for their trust, and express gratitude to the Central Bank of Bahrain for their guidance. We appreciate the encouragement of our shareholders and the support of our employees.

We are confident that 2015 will pave the way for an even more successful 2016.

Abdul Razak Abdulla Hassan Al Qassim
Chairman

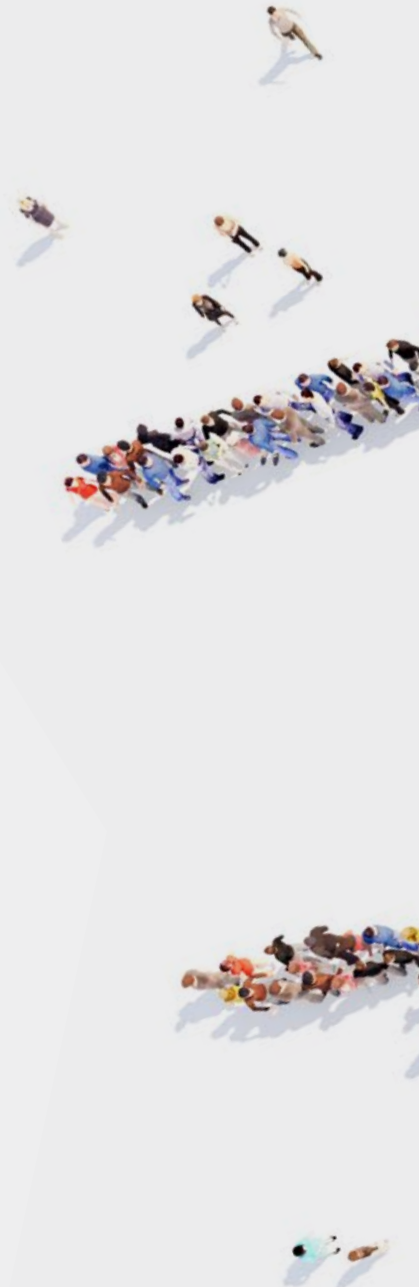
Building pride through partnership

BENEFIT has maintained consistent leadership in delivering value added services to the banking and financial sector through its role as the primary provider of ancillary services such as electronic payments & fund transfer, business process outsourcing, risk management and others.

The success that BENEFIT has achieved was made possible through the active participation and involvement of its 14 shareholders in giving a tangible shape to BENEFIT's stated goal of adding value to the financial sector.

The partnership with these shareholders — comprising some of the leading commercial banks — has yielded positive results for customers across the Kingdom of Bahrain as they continue to build on BENEFIT's core promise of providing speed, ease and convenience.

The power of this collaboration remains a source of pride for the Kingdom of Bahrain's business community as customers take advantage of state-of-the-art services to conduct financial transactions.





CEO Statement



One of the major highlights of this year was the official launch of Electronic Fund Transfer System (EFTS) and Electronic Bill Payment Presentment (EBPP) during the latter half of 2015.

Abdulwahid Janahi
Chief Executive Officer

The BENEFIT Company marks another successful year in terms of both growth and performance as the company reached the half-way point of the Three-Year Strategic Direction in 2015.

The strategic blueprint is at the heart of the BENEFIT Company's efforts in giving a tangible shape to its goal of delivering value added services to the banking and financial institutions operating in the Kingdom of Bahrain. It also serves to enable BENEFIT to be better prepared for future challenges and continue maintaining a leadership position within the sector it operates.

BENEFIT continues to support its member banks and clients and being a reliable partner in meeting their requirements. We are committed to further strengthen the three pillars upon which BENEFIT's activities operate: a) connecting financial transactions (eg: ATMs, local switch, point of sales, etc), b) customer information segment (eg; Bahrain credit reference bureau), and c) business outsourcing (eg: SINNAD, debit and credit cards, internet banking, mobile banking and others).

One of the major highlights of this year was the official launch of Electronic Fund Transfer System (EFTS) and Electronic Bill Payment Presentment (EBPP) during the latter half of 2015.

Under the Electronic Fund Transfer System, three services (including electronic bill payment) have been brought under its umbrella and these are: Fawri+, Fawri and Fawateer. They are expected to deliver on their promise for fast and efficient fund transfer and bill payment.

Fawri+ allows fund transfer between bank accounts in a matter of seconds, and is free of charge for any value of BD 100 or less; Fawri allows fund transfer between any bank account within a few hours of the official working day. It can be used for salary transfer, bulk transfer or any other large transaction.

Fawateer is the one-stop billing service that is aimed at allowing banks to offer customer inquiries and payment of bills directly and through a single click. We are confident that not just banks but many others in the private and public sector will subscribe to this service.

Currently, 25 banks have already signed on to offer EFTS services and we expect these services to gain increased popularity with customers in the Kingdom of Bahrain. We are also thankful for each of these banks for their support in ensuring the timely launch of this new service.

Another development has been plans to expand the scope of The Corporate Credit Reference Bureau across other GCC countries. As a result, lending institutions anywhere in the six GCC countries will have quicker access to potential customers' credit history that will enable them to make necessary decisions in terms of granting loans.

There are additional plans to expand the scope of the Bureau to cover telecom companies and real estate agencies as well.

We are also pleased with the success of the GCCNET Point-of-Sale Service that was launched last year, and has proved to be of immense BENEFIT to customers taking advantage of lower rates while making purchases using their debit card anywhere in GCC.

Customer response to Mobile Payments remains positive as most customers begin taking advantage of the ease and convenience that this payment method offers.

While we continue making strides in the various ancillary services, our commitment to BENEFIT's core services remain unchanged. We are proud of the company's role in providing ATM and POS switch services, and it gives us immense satisfaction to see the benefits that it provides to customers across the Kingdom of Bahrain and the region.

In terms of the financial results of 2015, I am also pleased to say that the year gone has been successful in delivering tangible results. Growth rate for 2015 was 14 per cent compared to 12 per cent in 2014. Income for the year was BD 3,215,050 (US\$ 8.2 million) and the revenue was BD 7,118,649 (US\$ 18.9 million).

While our fiscal strength remains intact, our focus has always been to be strong on strategy and operational excellence. Together they have yielded the clearest indicator of BENEFIT's positive performance in 2015.

We appreciate the support of our skilled workforce who contributed to our company's success in 2015. They have provided the necessary support to make 2015 a successful year not only for us but also to our member banks and their customers. Training remains an ongoing initiative to broaden skills and increase competitive levels and to enable our employees to develop into world class professionals.

We are also proud that 95 per cent of our employees are Bahraini nationals, and thus, providing strong evidence of the success of BENEFIT's Bahrainisation programme.

Finally, I would like to thank the Board of Directors for their ongoing support in enabling BENEFIT to achieve its goals for the year. I would like to extend my appreciation to all of our shareholders and other member banks.

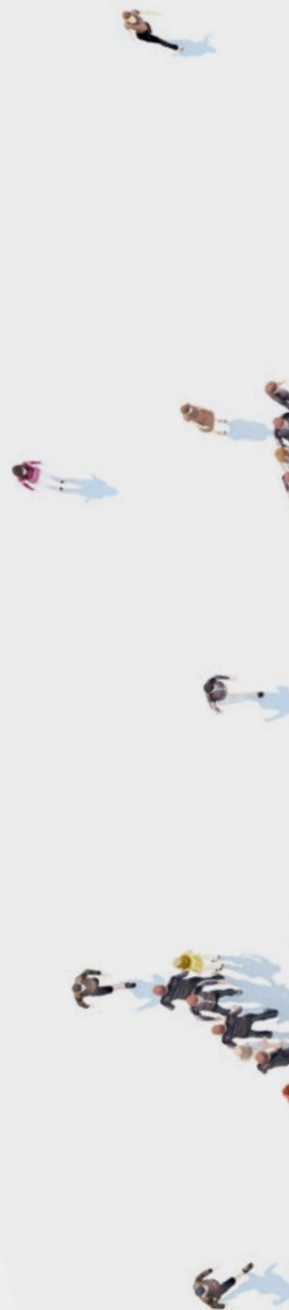
Abdulwahid Janahi
Chief Executive Officer

Building pride throughout the community

BENEFIT recognizes that the success of its operations impact not only the business community but most crucially plays a decisive role in enriching the quality of life for everyone in the Kingdom of Bahrain.

Its primary goal remains unchanged. BENEFIT will continue to support the Government of the Kingdom of Bahrain in raising the nation's profile as one of the premier financial hubs of the region. BENEFIT is also committed to invest towards the betterment of the Kingdom of Bahrain and ensure that everyone in the nation is able to take advantage of the speed, ease and convenience that its products and services offer.

BENEFIT remains proud to play a key role in creating the necessary technological infrastructure that will make the Kingdom of Bahrain a destination of choice for investors.





Board of Directors



Abdul Razak Abdulla Hassan Al Qassim

Chairman
Chairman of Nomination &
Remuneration Committee
NBB
CEO and Board Member



Mohammed Malik

Vice Chairman
Member of Nomination
& Remuneration Committee
BBK
GM, Retail Banking



Abdulla Hussain

Director
Chairman of Executive Committee
NBB
EAGM, Customer Services and IT



Matthew Deakin

Director
Executive Committee Member
HSBC
Chief Executive Officer



Mohammed Abdulla Isa

Director
Chairman of Audit &
Corporate Governance Committee
BBK
Chief Finance Officer



Khaled Abi Khalil

Director
Member of Audit &
Corporate Governance Committee
Standard Chartered Bank
Chief Information Officer,
Technology and Banking Operations



Khalid Ali Juma

Director
Member of Nomination
& Remuneration Committee
NBB
General Manager
Support & Administration Group



Abdul Razaq Abdul Khaliq

Director
Member of Audit & Corporate
Governance Committee



G.P.V. Rao

Director
Member of Executive Committee
AUB
Group Head of Technology
and Financial Services



Ahmed A. Rahim

Director
Member of Executive Committee
Ithmaar Bank
CEO



Yousif Al Fadhel

Director
CBB
Director, IT Directorate

Management Team



Abdulwahid Janahi
Chief Executive Officer

Abdulwahid Janahi, Chief Executive Officer joined the BENEFIT Company in 10th April 2005 with BSc in Marketing from St. Edward University in Austin and MBA from University of Bahrain. Mr. Janahi has a total of 30 years of experience in the financial industry field covering marketing, telecom, and business development.



Adel Salem
DGM Business Support

Adel Salem, Deputy GM Business Support joined the BENEFIT Company in 1st of May 2007 with a certificate in Computer Science from University of Bahrain, MBA from University of Glamorgan in the United Kingdom and a Master in Business Research and Phd in Management from Switzerland. Mr. Salem has a total of 29 years of experience in the telecom and banking industries.



Yousif AlNefaiei
DGM Business Development

Yousif AlNefaiei, Deputy GM Business Development joined the BENEFIT Company in 30th March 2006 with BSc in Computer Science from University of Bahrain and MSc. Degree in Information Systems from Brunel University of London in the United Kingdom. Mr. AlNefaiei has a total of 21 years of experience in the information technology and banking industries.



Hessa Hussain
Head of CRB

Hessa Hussain, Head of Bahrain's Credit Reference Bureau joined the BENEFIT Company in 15th February 2005 with BSc in Computer Engineering from the American University of Sharjah. Miss. Hussain has a total of 11 years of experience in Credit Reference Bureau in addition to 5 years in information technology.



Pride in our achievements

Delivering the future... today.

ATM:

BENEFIT is the national switch of the Kingdom of Bahrain connecting all ATM terminals enabling bank customers to be able to use any ATMs located nationwide. The BENEFIT Company is also a member of the GCC-wide cross border ATM sharing arrangement known as GCCNET, thus allowing all GCC issued debit cards to be used in all ATM terminals across the GCC. BENEFIT also enables AMEX card holders to use BENEFIT switch to withdraw cash using any of the ATMs in the Kingdom of Bahrain, Qatar, Oman, Kuwait and UAE.

Point of Sale:

BENEFIT connects all of the Point of Sale (POS) terminals at major retail outlets in the Kingdom. Through The BENEFIT Company's national network, all bank customers are able to pay for their purchases using their debit cards (ATM) without the need to carry cash.

Bahrain Credit Reference Bureau:

Managing risk is becoming more and more important to financial institutions; whereas financial institutions needs to be more risk and cost aware to stay ahead in the market. The Bahrain Credit Reference Bureau helps financial institutions manage their risk by obtaining credit information and background of their customers. Possessing such critical information enables these institutions to make informed decisions before offering loans.

Bahrain Cheque Truncation System:

Bahrain Cheque Truncation System (BCTS) is another value adding service that the Company offers to the financial market in the Kingdom of Bahrain. The BCTS is an electronic system that exchanges the electronic image of the cheques between the banks rather than the exchange of the physical cheques where it enables corporate and individuals

of settling their clearing cheques in the same business day. Such service shall enhance the efficiency of the cash flow in the Kingdom and accordingly help in boosting the overall economy and businesses.

Electronic Fund Transfer System (EFTS):

The EFTS is an electronic system that interconnects all retail banks in the Kingdom of Bahrain and is designed to enhance efficiency in fund transfers and bill payments; enabling banks, individuals, corporate and government entities to BENEFIT from this vital and important project. The services are accessible through the banks' various channels such as branches, internet banking, and mobile banking. The EFTS enable Banks' customers to use and benefit from the EFTS three main services (Fawri+, Fawri, and Fawateer).

Payment Gateway:

BENEFIT's Payment Gateway is a secure online payment solution enabling merchants, corporations and government entities to process and settle online credit and debit card (ATM) payments via any electronic channel. It provides secure and reliable real-time payment processing which can be integrated to other channels such as websites, IVR, kiosk, call center, mobile devices and batch processing. The payment gateway is a secure and protected environment and protects users from any fraud or misuse.

Internet Banking Shared Platform:

The BENEFIT Company developed a shared infrastructure for internet banking facilities with high security and customer confidentiality measurements while significantly cutting costs. The infrastructure is ready to activate the service with any bank. BENEFIT's internet banking infrastructure allows many banking services to be processed online

such as detailed statements of transactions, utility payments, fund transfers, amend account details, cheque book requests, stop installments, stop ATM and credit cards, and many others. It also enables multi currency transfers within the same bank and to other banks in and outside of the Kingdom of Bahrain.

GCCNET Dispute Management System:

BENEFIT plays a major role in the electronic transactions market locally and regionally and hence is considered to be the hub of the regional dispute claims via hosting the GCCNET Dispute Management System website. The GCCNET Dispute Management System enables interbank claims and settlements of the ATM cash withdrawals disputes between the GCC countries to be managed in an efficient effective manner assuring fast settlements of customers disputed claims.

Direct Debit:

Direct Debit (DD) allows banks, merchants, and customers to automate the process of regular due payments. It allows multiple debit transactions at the same time. Typical payments settled via DD are utility payments, telephone bills, credit card and loan installments, school fees, mortgage, etc. DD allows all parties to substantially cut their cost and process the payment more efficiently when compared to other payment methods such as cash, cheque, credit card, or standing orders.

Tele Bill Payment:

BENEFIT's Tele Bill Payment service provides both the telecom companies and their customers with a convenient mode of payment. With the support of BENEFIT's national network customers are now able to pay their bills using their debit cards (ATM) at various kiosks as well as through online payments.



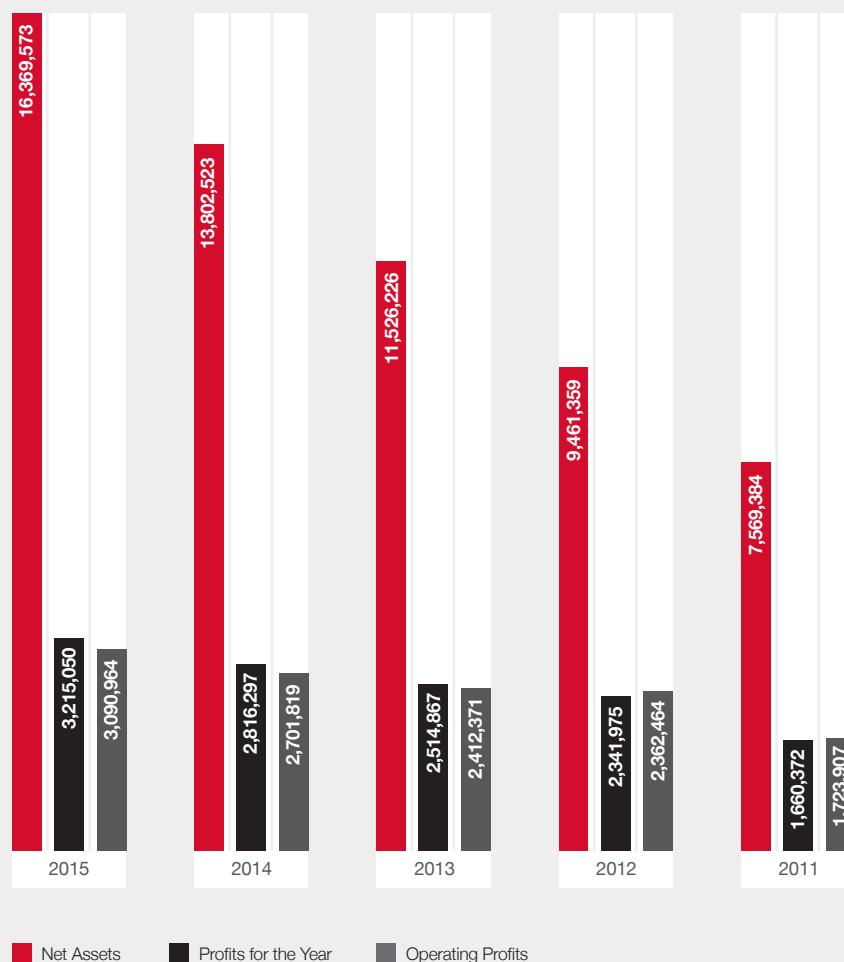
5 Year Growth

| BENEFIT | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------|-----------|-----------|------------|------------|------------|
| Operating Profits | 1,723,907 | 2,362,464 | 2,412,371 | 2,701,819 | 3,090,964 |
| Profits for the Year | 1,660,372 | 2,341,975 | 2,514,867 | 2,816,297 | 3,215,050 |
| Net Assets | 7,569,384 | 9,461,359 | 11,526,226 | 13,802,523 | 16,369,573 |

BENEFIT enjoyed a steady growth over the last five years through its leadership in electronic payments and fund transfer as well as business process outsourcing and risk management in the financial industry. By introducing and providing the latest technology, the company continued to maintain a powerful business support platform for all electronic payments.

Through consistent innovation, focus and strategic planning, the year 2015 was another successful year by the official launch of Electrical Fund Transfer System (EFTS) and Electronic Bill Payment Presentment (EDPP).

BENEFIT's growth in profits serves the company's main focus of enhancing its existing services that provide value adding advantages to member banks and shareholders.





Corporate Governance

1. BENEFIT CORPORATE GOVERNANCE REPORT 2015

The BENEFIT Company since its inception has acted as a bridge between banks, customers, and business. BENEFIT shall continue as always to add value to the Banking Industry and the community of the Kingdom of Bahrain through building strong connections. BENEFIT's philosophy has always been to conduct its business and operations with the highest integrity and maximum efficiency from the Board and throughout all levels; thus, BENEFIT is committed to adopt the best corporate governance practices and is in full compliance with the rules and regulations of the Central Bank of Bahrain (CBB).

The company adopts strong working values in all areas of its business conduct under the supervision of the Board. Accordingly, the Board has formed an Audit & Corporate Governance Committee, Executive Committee, and a Nomination and Remuneration Committee.

2. SHAREHOLDERS' INFORMATION

There was an increase in the capital in 2015, and the shareholders details are as below.

| No. | Bank/Institution | No. of Shares | % of Shares |
|--------------|------------------------------------|---------------|-------------|
| 1 | National Bank of Bahrain BSC (NBB) | 10,836 | 34.84% |
| 2 | Bank of Bahrain & Kuwait (BBK) | 6,843 | 22.00% |
| 3 | Ahli United Bank BSC (AUB) | 3,421 | 11.00% |
| 4 | Standard Chartered Bank | 2,800 | 9.00% |
| 5 | HSBC Bank Middle East Limited | 2,177 | 7.00% |
| 6 | Bahrain Islamic Bank B.S.C. (BisB) | 1,505 | 4.84% |
| 7 | Citibank N.A. | 934 | 3.00% |
| 8 | Al Salam Bank | 722 | 2.32% |
| 9 | BMI Bank B.S.C. (c) | 311 | 1.00% |
| 10 | Arab Bank Plc | 311 | 1.00% |
| 11 | Future Bank B.S.C. (c) | 311 | 1.00% |
| 12 | Ithmaar Bank B.S.C. (c) | 311 | 1.00% |
| 13 | Habib Bank Limited | 311 | 1.00% |
| 14 | United Bank Limited | 311 | 1.00% |
| Total | | 31,104 | 100% |

3. BOARD OF DIRECTORS INFORMATION

3.1 Board Composition

The Board of Directors comprises of 8 appointed and 2 elected members representing 14 Banks and one director from CBB as an observer. The Board of Directors was appointed for 3 years term and their term will be completed by 14th April, 2016. The Board consists of members with a wide range of experience in the Banking sector.

| No. | Director Name | Position in the Board |
|-----|--------------------------------------|-----------------------|
| 1 | Abdul Razak Abdulla Hassan Al Qassim | Chairman |
| 2 | Mohammed Malik | Vice Chairman |
| 3 | Khalid Ali Juma | Director |
| 4 | Abdulla Hussain | Director |
| 5 | Mohammed Abdulla Isa | Director |
| 6 | G.P.V. Rao | Director |
| 7 | Khalid Abi Khalil | Director |
| 8 | Matthew Deakin | Director |
| 9 | Abdul Razaq Abdul Khaliq | Director |
| 10 | Ahmed Abdulrahim | Director |
| 11 | Yousif Al Fadhel | Director |

3.2 Directors' Roles and Responsibilities

The Board operates by delegating part of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility for managing its own affairs including appointing the Chairman, Vice Chairman, proposing Members candidates for election to the Board, and constituting committees of the Board.

The primary role of the Board is the protection and enhancement of the organization's assets. The Board provides direction to the affairs of the organization to ensure its development and financial sustainability and to enhance the value of its products and services. The Board is responsible for the overall quality of the Company performance and succession planning required to attain the organization's major strategic and operational objectives; whereas it functions independently from the management. The duties and responsibilities of the Board can be summarized as below.

- Legal and Primary Oversight
- Setting the Corporate Direction
- Managing Performance
- Financial Control
- Managing Risk
- Policies and Procedures Compliance
- Reporting and Communication

3.3 Directors Remuneration

Members of the Board of Directors' remuneration are BHD 84,000 for the year 2015. The subcommittees received sitting fees for attending the meetings of Audit & Corporate Governance Committee, Executive Committee and Nomination & Remuneration Committee for a total amount of BHD 17,400 for 2015.

Corporate Governance (continued)

3.4 Directors' Profile

- **Abdul Razak Abdulla Hassan Al Qassim**
BENEFIT Chairman
Chairman of Nomination and Remuneration Committee
 - o CEO and Board Member of NBB
 - o Chairman of Bahrain Islamic Bank
 - o Chairman of Bahrain Association of Banks
 - o Deputy Chairman, Chairman of the Executive Committee, and Member of Nomination and Remuneration Committee of BATELCO
 - o Deputy Chairman of Umniah Mobile Company (Jordan)
 - o Deputy Chairman of Qualitynet (Kuwait)
 - o Deputy Chairman of Sure Guernsey Limited, Sure Isle Limited and Sure Isle of Man Limited
 - o Deputy Chairman of Dhivehi Raajeyge Gulhn plc. (Dhiraagu), Maldives
 - o Board Member of the Crown Prince International Scholarship Programme
 - o Board Member of Deposit and URIA Protection Board at Central Bank of Bahrain (CBB)
- **Mohammed Malik**
BENEFIT Vice Chairman
Member of Nomination and Remuneration Committee
 - o GM, Retail Banking of BBK
 - o Board Member of Credimax
 - o Chairman of Invita - Kuwait
- **Khalid Ali Juma**
BENEFIT Board Director
Member of Nomination and Remuneration Committee
 - o GM, Support & Administrations Group of NBB
- **Abdulla Hussain**
BENEFIT Board Director
Chairman of Executive Committee
 - o EAGM Customer Services and IT of NBB
 - o Chairman of Sinnad Company
- **Mohammed Abdulla Isa**
BENEFIT Board Director
Chairman of Audit & Corporate Governance Committee
 - o Chief Finance Officer of BBK
- **G.P.V. Rao**
BENEFIT Board Director
Member of the Executive Committee
 - o Group Head of Technology and Financial Services of AUB
- **Khalid Abi Khalil**
BENEFIT Board Director
Member of Audit and Corporate Governance Committee
 - o Chief Information Officer (Technology and Banking Operations) of Standard Chartered Bank
 - o Member in Standard Chartered Metropolitan Holdings - Lebanon
- **Matthew Deakin**
BENEFIT Board Director
Member of Executive Committee
 - o Chief Executive Officer of HSBC Bank
 - o INJAZ Bahrain Board Member
- **Abdulrazak Abdul Khaliq**
BENEFIT Board Director
Member of Audit and Corporate Governance Committee
 - o EX-AGM Central Operations of Bahrain Islamic Bank
 - o Co-Vice Chair of ICC Bahrain Trade Finance Forum
 - o Member of BISB Fund Management Board
 - o BISB representative in the ICC National Committee in the Kingdom of Bahrain
- **Ahmed A.Rahim**
BENEFIT Board Director
Member of Executive Committee
 - o CEO of Ithmaar Bank
 - o Member of the Board of Directors Solidarity Group Holding B.S.C. (c)
 - o Vice Chairman, Board of Directors, Faysal Bank Limited (Pakistan)
 - o Deputy Chairman, Bahrain Association of Banks
 - o Board Member INJAZ Bahrain
- **Yousif AlFadhel**
BENEFIT Board Director
 - o Director, IT Directorate of Central Bank of Bahrain (CBB)

3.5 Committees of the Board

The Board has, as a minimum, the below standing committees:

- **The Audit & Corporate Governance Committee:** For the company and its subsidiaries, the Audit & Corporate Governance Committee shall assist the Board of Directors in overseeing the responsibilities for the financial reporting process, the system of internal control, the audit process, monitoring financial risks, Corporate Governance and the compliance with laws [CBB and Ministry of Industry & Commerce] and regulations and the company's code of conduct.
- **The Executive Committee:** The Executive Committee (ExCo) provides a forum for Senior Management to discuss projects and strategies and examine various strategic issues of the Company. The purpose of the ExCo is to a) help speed up the decision making process, b) support and enable the senior management of the Company to perform its functions as per the Company goals and strategy, c) express views and provide guidance on any particular strategic or major issue affecting the business. In particular, the ExCo is to review and make timely decisions and recommendations to the Board.
 - Execute any actions mandated by the Board of Directors,
 - Review Strategic business direction, plans and budgets of the company and make any necessary decisions;
 - Discuss matters affecting shareholders' interests in the company;
 - Assess high potential acquisitions, joint ventures or disposal of assets.
- **The Nomination and Remuneration Committee:** The Nomination and Remuneration Committee reviews the board composition and succession planning and assists the Board in finding, evaluating and recommending candidates for the Board. Furthermore, the committee assesses management performance and compensation packages.

Each standing committee of the Board will have a written mandate of the committee charter. The Board may also create ad hoc Board committees to deal with specific projects. At least one member of the Board shall be appointed to each committee established by the Board. These committees need not to be comprised of Board members exclusively.

Concurrent with establishment of a committee, the Board shall designate the Committee Chairman and each committee whether comprised exclusively of Board members or not shall have the power to fix its quorum at not less than a majority of its members.

Corporate Governance (continued)

BOARD AND ITS COMMITTEES

4.1 Board Meetings & its Committees Attendance

| Name of Director | Board | | Executive Committee | | Audit & Corporate Governance Committee | | Nomination & Remuneration Committee | | Total | |
|--|-----------------------|-------------------|-----------------------|-------------------|--|-------------------|-------------------------------------|-------------------|-----------------------|-------------------|
| | Total No. of Meetings | Meetings Attended | Total No. of Meetings | Meetings Attended | Total No. of Meetings | Meetings Attended | Total No. of Meetings | Meetings Attended | Total No. of Meetings | Meetings Attended |
| Abdul Razak Abdulla Hassan Al Qassim Chairman | 5 | 4 | | | | | 3 | 2 | 8 | 6 |
| Mohammed Malik Vice Chairman | 5 | 5 | | | | | 3 | 3 | 8 | 8 |
| Khalid Ali Juma Director | 5 | 4 | | | | | 3 | 3 | 8 | 7 |
| Abdulla Hussain Director | 5 | 5 | 7 | 7 | | | | | 12 | 12 |
| Mohammed Abdulla Isa Director | 5 | 4 | | | 4 | 4 | | | 9 | 8 |
| G.P.V. Rao Director | 5 | 4 | 7 | 7 | | | | | 12 | 11 |
| Khalid Abi Khalil Director | 5 | 2 | | | 4 | - | | | 9 | 2 |
| Matthew Deakin Director | 5 | 3 | 7 | 6 | | | | | 12 | 9 |
| Abdul Razaq Abdul Khaliq Director | 5 | 5 | | | 4 | 4 | | | 9 | 9 |
| Ahmed A.Rahim Director | 5 | 5 | 7 | 7 | | | | | 12 | 12 |
| Yousif Al Fadhel CBB Representaive | 5 | 4 | | | | | | | 5 | 4 |

4.2 Board Meetings held in 2015

| Members | 19 Feb 2015 | 14 May 2015 | 10 Aug 2015 | 16 Nov 2015 | 30 Dec 2015 |
|---|-------------|--|-------------|-------------|-------------|
| Abdul Razak Abdulla Hassan Al Qassim - Chairman | x | ✓ | ✓ | ✓ | ✓ |
| Mohammed Malik - Vice Chairman | ✓ | ✓ | ✓ | ✓ | ✓ |
| Khalid Ali Juma – Director | ✓ | x | ✓ | ✓ | ✓ |
| Abdulla Hussain - Director | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mohammed Abdulla Isa - Director | ✓ | ✓ | x | ✓ | ✓ |
| G.P.V. Rao - Director | ✓ | x | ✓ | ✓ | ✓ |
| Khalid Abi Khalil - Director | *N/A | Board approved subject to CBB approval | ✓ | ✓ | x |
| Matthew Deakin - Director | ✓ | ✓ | ✓ | x | x |
| Abdul Razaq Abdul Khaliq - Director | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ahmed A.Rahim - Director | ✓ | ✓ | ✓ | ✓ | ✓ |
| Yousif Al Fadhel - CBB Representative | ✓ | ✓ | x | ✓ | ✓ |

Note: * not appointed

4.3 Dates of Executive Committee Meeting & Attendance

| Members | 15 Feb 2015 | 2 Apr 2015 | 28 Jun 2015 | 7 Jul 2015 | 12 Oct 2015 | 12 Nov 2015 | 19 Nov 2015 |
|----------------------------|-------------|------------|-------------|------------|-------------|-------------|-------------|
| Abdulla Hussain - Chairman | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ahmed A.Rahim - Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Matthew Deakin - Member | ✓ | x | ✓ | ✓ | ✓ | ✓ | ✓ |
| G.P.V. Rao - Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Corporate Governance (continued)

4.4 Dates of Audit & Corporate Governance Committee Meetings & Attendance

| Members | 11 Feb 2015 | 6 May 2015 | 23 Jul 2015 | 29 Oct 2015 |
|-----------------------------------|-------------|------------|-------------|-------------|
| Mohammed Abdulla Isa - Chairman | ✓ | ✓ | ✓ | ✓ |
| Khalid Abi Khalil - Member | *N/A | *N/A | *N/A | × |
| Abdul Razaq Abdul Khaliq - Member | ✓ | ✓ | ✓ | ✓ |

Note: * not appointed

4.5 Dates of Nomination & Remuneration Committee Meeting & Attendance

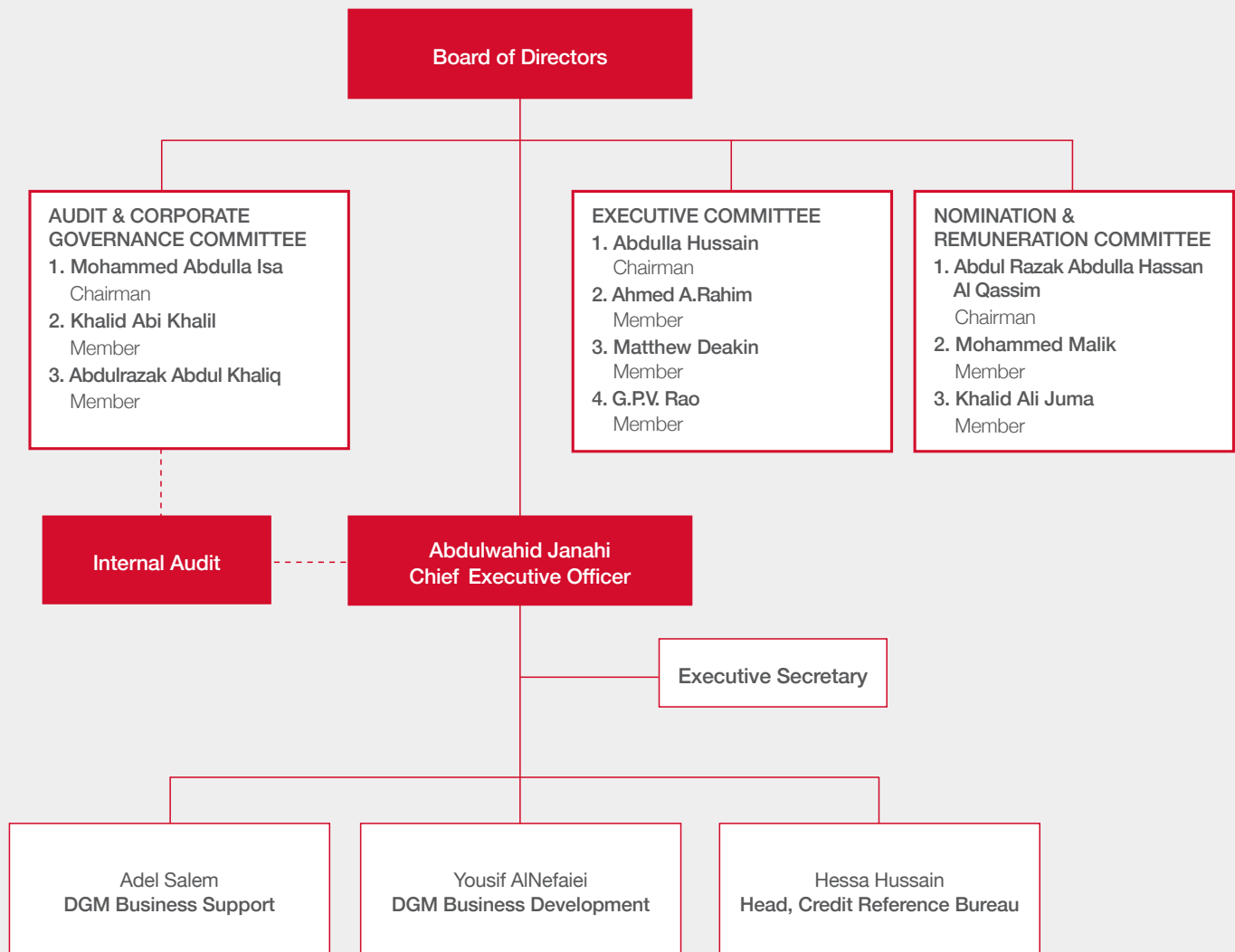
| Members | 27 Jan 2015 | 22 Feb 2015 | 8 Oct 2015 |
|---|-------------|-------------|------------|
| Abdul Razak Abdulla Hassan Al Qassim - Chairman | ✓ | ✓ | × |
| Mohammed Malik - Member | ✓ | ✓ | ✓ |
| Khalid Ali Juma - Member | ✓ | ✓ | ✓ |

5. AGM & EGM MEETING

The Annual General and the Extra Ordinary General Meetings were held on 29th March 2015.

6. MANAGERIAL & ORGANIZATIONAL STRUCTURE

BENEFIT developed its management and organizational structure in a way that helps the company clearly define the roles, duties, and reporting lines among its departments. BENEFIT has three main departments which are Business Support, Business Development, and Credit Reference Bureau. The structure also includes an internal audit that has direct access to the CEO and Board of the company through the Audit and Corporate Governance Committee.



Corporate Governance (continued)

7. DIRECTORS CODE OF CONDUCT

This Code sets ethical standards for the directors and key officers of the Company and reflects the Directors and key officers' intention to ensure that their duties and responsibilities to the Company are performed with the utmost integrity, and professionalism.

8. WHISTLE BLOWER POLICY

The company is committed to integrity and ethical behavior and accordingly is adopting the Whistle Blower Policy. The policy encourages all employees to disclose in good faith any wrongdoing, unethical or improper practice, or adverse employment action that may unfavorably impact the company, its customers, shareholders, employees, investors, or the public at large. The policy provides all employees the sufficient protection for such.

9. CONFLICTS OF INTEREST

The company as governed by CBB regulations and the Corporate Governance policy shall avoid situations that may result in conflicts of interest. Thus, all Directors must fully disclose any business interest (public or private) and any other matters which may lead to potential or actual conflicts of interest. The directors owe their first duty to the company, yet in circumstances where other roles (whether serving as directors or trustees of another organization) potentially conflict with the company's interests, the Director will advise and seek approval from the Chairman in accordance with this Code. Similarly, Directors will not use their role within the company for political interests at any time, or if there is conflict of interest with a third party or for community interests unless authorized by the Company. Moreover, they must not take improper advantage of the position as a director to gain, directly or indirectly, a personal advantage or an advantage for any associated person. They shall disclose any benefits from personal business as well as any issue that may conflict with the company's benefit or may cause a conflict of interest to the company.

10. PERFORMANCE INCENTIVE

The Board has formed a Nomination and Remuneration Committee to evaluate the performance linked incentive structure for the key management personnel, please refer to Audited financials under note 16 (a).

11. RELATED PARTY TRANSACTIONS

The BENEFIT has dealings with several banks in the Kingdom of Bahrain who are also shareholders of the Company. These transactions are in the nature of provision of services in relation to payment systems, internet banking, card services and Credit Reference Bureau.

SINNAD (BENEFIT subsidiary) has entered into contracts with certain shareholders of BENEFIT for the provision of services related to debit/ credit card personalization and ATM acquiring services. In accordance with an understanding between Network International ("NI"- 49% shareholder of the Subsidiary) and SINNAD, SINNAD has outsourced work related to ongoing projects to NI. In consideration of the services provided by NI, SINNAD will pay the agreed costs of providing such services to NI.

Please refer to Audited financials under note 16 (b).

12. RELATED PARTY TRANSACTIONS (IFRS)

BENEFIT nature of Business is to serve the banking sectors in the Kingdom of Bahrain through a number of services, ATM/ POS, CRB and others. In Addition, SINNAD also established as a 3rd party processing company to serve the Banks.

13. COMMUNICATION

BENEFIT Company is not publicly listed; however, BENEFIT Company website is updated with the Annual Report as well as BENEFIT shareholders have access to any information required i.e. Related to financial and others through the CEO. The annual report for 2015 will be updated on the website after the AGM meeting.

14. MATERIAL TRANSACTIONS FOR BOARD APPROVAL

The Board approves a yearly Budget along with Capital expenditure for projects [if any] in accordance with the Company's authority matrix endorsed by the Board defining the authority limits and thresholds of the Board and Management.

15. NEW APPOINTMENT OF DIRECTORS

The Board members are appointed directly by the shareholders from the Banking sector. Any new member appointed will be made aware of the company business by the Nomination & Remuneration Committee.

16. INTERNAL CONTROL

Ernst & Young is BENEFIT Internal Auditor by which they review internal control processes & procedures, and KPMG is the Company's External Auditor.

17. FINANCIAL PREPARATION

The Audit & Corporate Governance Committee on a quarterly basis review the audited financial with external auditors and management, and accordingly seek the Board approval. In addition, the Audit & Corporate Governance Committee is presented with the Internal Auditors findings and correction plan.

18. REMUNERATION POLICY FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Board members remuneration shall be decided by the Board while Senior Management remuneration shall be decided by the Nomination & Remuneration Committee. Remuneration paid to senior management is available to eligible shareholders upon specific request along with necessary/indemnity, in keeping the information confidential as per the Company procedures.

19. OTHER INFORMATION

The statutory Auditors of the company are KPMG Fakhro Bahrain, 2015 fees is BHD 9,200 and the Internal Audit function has been outsourced to Ernst & Young.

20. BOARD APPOINTMENT

All Board members have signed the Board of Directors appointment letter.

21. BOARD EVALUATION

BENEFIT has in place a performance evaluation for the Board and its Committees.

22. NON-COMPLIANCE WITH HC MODULE OF CBB RULEBOOK

BENEFIT abides by the Code of Corporate Governance issued by Central Bank of Bahrain (CBB) and Ministry of Commerce for all banks in the Kingdom of Bahrain. CBB has introduced amendments in the High-Level Control Module (HC Module) of its Rulebook. BENEFIT complies with all the rules and guidelines defined in HC Module except those mentioned below which are in the process of being adapted:

- As per the HC Module, one-third of the Board shall consist of Independent Directors. Currently, BENEFIT has no Independent Directors and is in discussion with CBB on the process of finalizing such. Nevertheless, BENEFIT has one CBB observer in its Board of Directors.

BENEFIT Annual General Meeting Minutes

Meeting: AGM - 29.03.15
 Minutes: 29 March 2015, 11:00 am,
 The BENEFIT Company
 Meeting Called By: The BENEFIT Company
 Type of Meeting: Annual General Meeting
 for 2014
 Attendees: As Per Attendees List
 Apologies: As Per Attendees List

The Chairman, Mr. Abdul Razak A.Hassan Al Qassim chaired the meeting. He welcomed the Shareholders representatives, Central Bank of Bahrain and Ministry of Industry and Commerce, and confirmed that 98% of the shareholders were present at the meeting.

AGENDA TOPICS

1.0 Minutes of AGM Meeting Held on 27 March 2014

Abdul Razak Abdulla Hassan Al Qassim

Discussion:

The Chairman advised the Shareholders the minutes of the AGM meeting held on 1 April 2014 was in the distributed Annual Report. There were no comments or questions raised and the minutes were approved.

Resolution 1 - AGM/15: The minutes of the Annual General Meeting dated 1 April 2014 was approved by the Shareholders.

2.0 Directors Report Ended

31 December 2014

Abdul Razak Abdulla Hassan Al Qassim

Discussion:

A summary of The Directors Report was read by the Chairman and is in the Annual report for 2014 which was distributed to the Shareholders. The Chairman advised the Shareholders 2014 was a successful year for BENEFIT, the Consolidated net profit showed a growth of 12% in 2014 to reach BD 2,816,297 compared to BD 2,514,867 in 2013.

The Chairman informed the shareholders that the Company's focus in was on CRB [Corporate and Insurance], GCC POS service, Electronic Fund Transfer Service (EFTS), Electronic bill Payment and Presentment (EBPP), Mobile Payment and expanding with an International scheme. These initiatives were part of the three main pillars, Connecting Financial Transactions, Customer Information Segment and Business Outsourcing.

Furthermore In 2014, BENEFIT has in cooperation with the Central Bank of Bahrain [CBB] and its member banks of the GCC [Gulf Corporation Council] successfully launched the GCC Point of Sale [POS] in May 2014 with 3 countries [Qatar, Kuwait and the Kingdom of Bahrain].

The Corporate Credit Reference Bureau went live successfully in January 2014 with around 42 members.

The Company has also successfully introduced in July 2014 with the telecom companies the mobile payments as an extension to the National Payment Gateway [PG].

The Company has started the implementation of the main strategic initiatives services such as the EFTS and EBPP in March 2014, and expected to go live in August 2015 with more than 30 members. In addition, BENEFIT has reduced the ATM transaction fees on the banks, and as a result, this lead to 50% discount on the end user..

The Chairman further advised the Shareholders that during 2015 BENEFIT shall further examine a number of its strategic services to draw a clear roadmap for the services scope and implementation plan. Such services include the ATM and POS Wholesale outsourcing services, Credit Reference Bureau [CRB] for Insurance, and Risk Management Reporting.

Another strategic service is the Electronic Fund Transfer System [EFTS] service which shall automate the fund transfer and payments in the Kingdom of Bahrain, which will drastically improve the competence and speed of the cash flow in the Kingdom.

EFTS is a national project that will have an impact on all individuals and sectors in the Kingdom of Bahrain. Another service is the Electronic Bill Payment Presentment [EBPP] which shall present, aggregate and automate the payment of most bills issued.

Another major project BENEFIT will be focusing on is the integration and the implementation of sharing credit bureau data across the GCC.

BENEFIT will continue to further develop the electronic transactions growth and efficiency, and maintain a mutually beneficial relationship with its Member banks, clients, the Regulator and its shareholders.

The Chairman thanked the Shareholders, the Central Bank of Bahrain and the Ministry of Industry and Commerce for their continuous support.

Resolution 2 - AGM/15: The Directors Report ended 31 December 2014 was approved by the Shareholders.

3.0 External Auditors Report to the Shareholders for the Year 2014 **Jalil Al A'ali**

Discussion:

Mr. Jalil Ala'ali of KPMG read the Independent Auditors Report making reference that the audit evidence they have obtained is sufficient and appropriate to provide a basis for their audit opinion. The consolidated financial statements present fairly, in all material aspects, the consolidated financial position of the Group as of 31 December 2014 and its consolidated financial performance and its consolidated cash flows for the year then

ended is in accordance with International Financial Reporting standards. There were no questions raised and the Auditors report was approved.

Resolution 3 - AGM/15: The External Auditors report for the year 2014 was approved by the Shareholders.

4.0 Financial Statement for the Year 2014 **Abdul Razak Abdulla Hassan Al Qassim**

Discussion:

The Company's financial statement for the year ended 31 December 2014 was reviewed and no questions were raised and the report was approved.

Resolution 4 - AGM/15: The financial statements for the year ended 31 December 2014 was approved by the Shareholders.

5.0 Recommended Appropriation of the Net Profit for 2014 **Abdul Razak Abdulla Hassan Al Qassim**

Discussion:

The Chairman advised the Shareholders that the Board of Directors have recommended the appropriation of the Net Profit of the year 2014 as follows:-

- To distribute cash dividends to the shareholders in the amount of BD 648,000 [Bahrain Dinars Six Hundred Forty Eight Thousand] which is equal to 25% of the paid up capital.

- To transfer BD 259,200 [Bahrain Dinars Two Hundred Fifty Nine Thousand Two Hundred] to the statutory reserve in order to reach 50% of the issued and paid up capital.
- To transfer BD1,840,611 [Bahrain Dinars One Million Eight Hundred Forty Thousand Six hundred and Eleven] to the Retained Earnings account.

Resolution 5 - AGM/15: The recommended appropriation of the Net Profit for 2014 was approved by the Shareholders.

6.0 Approval of Bonus Share **Abdul Razak Abdulla Hassan Al Qassim**

Discussion:

The Shareholders were advised by the Chairman that the Board of Directors have recommended the distribution of bonus shares, one share for every 5 shares held [20% of the issued and paid up capital].

Resolution 6 - AGM/15: The Shareholders approved the recommendation of bonus shares, one share for every 5 shares held [20% of the issued and paid up capital]

BENEFIT Annual General Meeting Minutes (continued)

7.0 Absolution of Directors Legal Liability **Abdul Razak Abdulla Hassan Al Qassim**

Discussion:

The Shareholders were asked to absolve The Benefit Company Board of Directors from their legal liability for the year 2014 and this motion was approved. There were no questions raised.

Resolution 7 - AGM/15: The Shareholders approved to absolve the Board of Directors from their legal liability for the year 2014.

8.0 Directors Remuneration for 2014 **Abdul Razak Abdulla Hassan Al Qassim**

Discussion:

The Shareholders were advised the Board of Directors recommended Directors Remuneration in the sum of BD 84,000 for the year 2014. There were no questions raised.

Resolution 8 - AGM/15: The Shareholders approved the Directors remuneration in the sum of BD 84,000 for the year 2014.

9.0 Appointment of The External Auditor **Abdul Razak Abdulla Hassan Al Qassim**

Discussion:

The Chairman advised the shareholders on The Board's recommendation to re-appoint the Company's external auditor KPMG for the year 2015.

Resolution 9 - AGM/15: The shareholders approved the appointment of KPMG as the Company's External Auditors for the year 2015 subject to CBB approval and authorized the Board of Directors to agree on their fees.

10.0 Corporate Governance Report for 2014

Abdul Razak Abdulla Hassan Al Qassim

Discussion:

The Chairman advised the Corporate Governance report is in the distributed Annual report. There were no questions raised and the report was approved.

Resolution 10 - AGM/15: The Shareholders approved the Corporate Governance report for 2014.

The Chairman thanked the Shareholders, Central Bank of Bahrain and Ministry of Industry and Commerce for their continuous support to the Company and is looking forward to a successful year in 2015.

There being no other issues for discussion the meeting was closed at 11:20am.

BENEFIT Extraordinary General Meeting Minutes

Meeting: EGM - 29.03.15
Minutes: 29 March 2015, 11:20 am,
The BENEFIT Company
Meeting Called By: The BENEFIT Company
Type of Meeting: Extraordinary General
Meeting for 2014
Attendees: As Per Attendees List
Apologies: As Per Attendees List

The Chairman, Mr. Abdul Razak A. Hassan Al Qassim chaired the meeting and confirmed that 98% of the shareholders were present at the meeting.

AGENDA TOPICS

1.0 Minutes of EGM Meeting Held on 1 April 2014

Abdul Razak Abdulla Hassan Al Qassim

Discussion:

The Chairman informed the Shareholders, the minutes of the Extraordinary General Meeting dated 1 April 2014 is enclosed in the distributed Annual report. No questions were raised and the minutes of the meeting were approved.

Resolution 1 - EGM/15: The minutes of the Extraordinary General Meeting dated 1 April 2014 was approved by the Shareholders.

2.0 Incease in Paid-Up Capital

Abdul Razak Abdulla Hassan Al Qassim

Discussion:

The Board of Directors has recommended increasing the issued and paid up Capital of the Company from BD 2,592,000 to BD 3,110,400 as a result of issuance of bonus shares. The Authorised Capital will remain the same at BD 5,400,000. The Articles of Association to be amended accordingly. No questions were raised and the motion was approved.

Resolution 2 - EGM/15: The increase in the issued and paid up Capital of the Company from BD 2,592,000 to BD 3,110,400 was approved by the Shareholders. The Authorised capital will remain at BD 5,400,000.

3.0 Authorised Signatory

Abdul Razak Abdulla Hassan Al Qassim

Discussion:

To authorize the Chairman, Mr. Abdul Razak A. Hassan Al Qassim and/or the CEO of the Company, Mr. Abdulwahed Abdulrahman AlJanahi to sign on behalf of all the shareholders before the Notary Public all necessary documents for the above amendment to the Articles of Association. This was approved by the Shareholders.

Resolution 3 - EGM/15: The authorization was approved by the Shareholders.

The Chairman thanked the Shareholders, Central Bank of Bahrain and Ministry of Industry and Commerce for their continuous support and we are looking forward to a successful year in 2015.

There being no other issues for discussion the meeting was closed at 11:25am.

Abdul Razak Abdulla Hassan Al Qassim
Chairman

Abdulwahid Janahi
Chief Executive Officer

Report of the Directors

for the year ended 31 December 2015

Business Review

The main objective in 2015 was to continue implementing the strategic initiatives as per the endorsed BENEFIT Corporate Strategy Direction. In addition, we will continue to enhance and maintain the highest level of service for the existing businesses.

In 2015, the management has implemented two major strategic projects as part of BENEFIT strategic initiatives - Electronic Funds Transfer and Electronic Bill Payment & Presentment, as well as introducing a new core system of the Bahrain Credit Reference Bureau. These initiatives were part of the three main pillars that will shape BENEFIT and its services in the coming years and will reinforce its leading role in the electronic payments, funds transfer and risk management industry, and shall add significant value not only for the financial sector but for the entire community of the Kingdom of Bahrain and shall have positive impact on the overall economy.

During 2015, BENEFIT recorded a successful year in terms of the introduction of new services and organic business growth. This resulted in achieving 14% consolidated operating profit of BHD 3,090,964 in 2015, versus BHD 2,701,819 in 2014. The consolidated net profit indicated a growth of 14% in 2015 to reach BHD 3,215,050 compared to BHD 2,816,297 in 2014.

Further highlight on the company's achievements, in November 2015, BENEFIT in cooperation with the Central Bank of Bahrain [CBB] and its member banks, has successfully launched the Electronic Fund Transfer with bulk direct debit and direct credits (EFT) and Electronic bill Payment and Presentment (EBPP) services together under one national project called "EFTS". The Electronic Fund Transfer system provides the public with three services known as "Fawri", "Fawri+" and "Fawateer". With these services, the Kingdom of Bahrain has entered into the electronic payments and funds transfers with the highest standards and best practices. The EFTS services ensure maximum flexibility, convenience with fast, efficient and effective financial settlement among the member banks.

Further, a new law has been issued which covers the Credit Bureau and will open new horizons of Credit Bureau practices in the Kingdom of Bahrain, and accordingly the Bahrain Credit Reference Bureau will have more of a leading role in risk management. In December 2015, the new core system of the Credit Reference Bureau went live successfully with 42 members. The new system was designed with enhanced security measurements and automation of most functions which has reduced uploading members' data from a day to a couple of hours. Furthermore, the system will enable the Company to add new modules to cater for additional sectors such as Telecom, Insurance and Government entities.

The Company has also completed two preliminary studies one for the ATM Outsourcing services and second for POS Outsourcing services, and is looking forward to start the initial implementation of these strategic initiatives services in 2016.

Another initiative from the Board of Directors was to appoint a Human Resource Consultant to review all the HR policies as well as the organization chart to make BENEFIT more dynamic and to meet the new challenges.

Additionally, in November 2015 BENEFIT has launched its new Data Centre platform which will strengthen the systems availability of all BENEFIT services, to ensure optimum operation and resilience. It will also provide a dynamic and scalable infrastructure for the organization future projected projects. Higher security and safety levels will be achieved by providing several access, monitoring and emergency systems. It is also based on technologies such as Blade and Virtualization infrastructure to reduce the demand of hardware and management of the assets. Furthermore, the Company performed successful exercises to ensure system availability and business continuity.

BENEFIT also managed the shifting from the outdated information security standard ISO 27001:2005 to the latest version of the standard which is ISO 27001:2013 and accordingly reviewed and enhanced all of the related policies, procedures and control measures.

Overall, 2015 was a good year for BENEFIT. The Company shall continue its success by implementing the remaining strategic initiatives as per the approved 3 years corporate strategic direction.

Consolidated Financial Results

| Particulars | 2015 (BHD) | 2014 (BHD) | Change |
|---------------------|------------|------------|--------|
| Operating profit | 3,090,964 | 2,701,819 | 14% |
| Profit for the year | 3,215,050 | 2,816,297 | 14% |
| Net assets | 16,369,573 | 13,802,523 | 19% |

Recommended Appropriations and Remuneration for 2015

The Board of Directors recommended the following appropriations from profit for the year and Board remuneration, **which are subject to the shareholders' approval at the Annual General Meeting:**

2015 (BHD)

| | |
|------------------------|------------------|
| Dividends [60%] | 1,866,240 |
| Directors Remuneration | 120,000 |
| Total | 1,986,240 |

Upon approval of the above recommendations, Shareholders' Equity Account balance will be as follows:

| | BHD |
|--|-------------------|
| Share Capital | 3,110,400 |
| Statutory Reserve | 1,586,838 |
| Retained Earnings | 9,469,769 |
| Non-controlling interest | 336,326 |
| Total Consolidated Shareholders' Equity | 14,503,333 |

Report of the Directors (continued)

for the year ended 31 December 2015

Outlook for 2016

During 2016, BENEFIT shall continue to focus on implementing its new strategic initiatives as well as maintaining and enhancing its current services and products. BENEFIT shall further study the ATM Outsourcing Service and POS Outsourcing Service and determine the scope of each of these services that shall added value to the banking industry in the Kingdom of Bahrain and the entire community.

Other strategic services are Bahrain Credit Reference Bureau [BCRB] for Insurance and Telecoms, and Risk Management Reporting, Taqareer, for which it will be a transformation for the Bahrain Credit Reference Bureau. In view of this and due to the new legalization, the Bureau is expected to expand its service to cover other sectors such as the Telecom, Insurance, and some government entities. BENEFIT will focus on empowering its Credit Bureau to provide a state of art service to its current and new potential members.

BENEFIT will also be focusing on the implementation of sharing credit bureau data across the GCC, once a formal legalization is founded by GCC Central Banks.

Furthermore; BENEFIT shall enhance and increase the utilization of all EFTS types of transactions (Fawri, Fawri+ and Fawateer) by maintaining the highest system availability, flexible and secured integration with EFTS members' banks and billers, by ensuring simplicity, flexibility and convenience to the end users. We shall promote the EFTS services to large corporate in the private and public sectors to best utilize the EFTS services. This is to encourage and facilitate implementation of various banks' electronic channels in order to process all types of transactions including low value, and discourage the physical cash transactions.

Moreover, BENEFIT has initiated a business dialogue with other International schemes to explore the business opportunity of linking them to the Kingdom of Bahrain.

The Company is committed to provide the Kingdom of Bahrain and its stakeholders with services that enhance the Kingdom of Bahrain's banking community in terms of efficiency and productivity.

On behalf of the shareholders, the Directors and Executive Management take this opportunity to express their gratitude and sincere appreciation to His Majesty King Hamad bin Isa Al Khalifa - the King of Bahrain, to His Royal Highness Shaikh Khalifa bin Salman Al Khalifa - the Prime Minister, to His Royal Highness Shaikh Salman bin Hamad Al Khalifa - the Crown Prince, Deputy Supreme Commander and First Deputy Prime Minister, Government ministries and institutions and the Central Bank of Bahrain, for their guidance, kind consideration and support.



Abdul Razak Abdulla Hassan Al Qassim
Chairman

Independent Auditors' Report to the Shareholders

The BENEFIT Company BSC (c), Kingdom of Bahrain

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of The Benefit Company BSC (c) (the "Company") and its subsidiary (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Responsibility of the board of directors for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other regulatory requirements

As required by the Bahrain Commercial Companies Law and Volume 5 of the Central Bank of Bahrain (CBB) Rule Book, we report that:

- a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
- b) the financial information contained in the directors' report is consistent with the consolidated financial statements;
- c) we are not aware of any violations during the year of the Bahrain Commercial Companies Law, the Central Bank of Bahrain Law, the CBB Rule Book (Volume 5, applicable provisions of Volume 6 and CBB directives) or the terms of the Company's articles of association that would have had a material adverse effect on the business of the Company or on its financial position; and
- d) satisfactory explanations and information have been provided to us by management in response to all our requests.



KPMG Fakhro
Partner Registration No. 100
22 February 2016

Consolidated Statement of Financial Position

as at 31 December 2015

(Bahraini Dinars)

| | Note | 2015 | 2014 |
|--|------|-------------------|------------|
| ASSETS | | | |
| Furniture and equipment | 4 | 1,149,256 | 444,294 |
| System software | 5 | 1,079,117 | 619,755 |
| Capital work in progress | | 56,551 | 188,643 |
| TOTAL NON-CURRENT ASSETS | | 2,284,924 | 1,252,692 |
| Cash and bank balances | | 4,138,215 | 3,658,140 |
| Balance with Central Bank of Bahrain | | 2,503,206 | 1,797,917 |
| Balance with other central banks | | 1,273,103 | 1,229,709 |
| Deposits with banks | | 6,677,641 | 6,559,580 |
| Trade receivables | 6 | 380,305 | 277,360 |
| Prepaid expenses and other receivables | | 108,483 | 95,025 |
| TOTAL CURRENT ASSETS | | 15,080,953 | 13,617,731 |
| TOTAL ASSETS | | 17,365,877 | 14,870,423 |
| EQUITY AND LIABILITIES | | | |
| Share capital | 1 | 3,110,400 | 2,592,000 |
| Statutory reserve | | 1,586,838 | 1,313,589 |
| Retained earnings | | 11,336,009 | 9,695,590 |
| TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY | | 16,033,247 | 13,601,179 |
| Non controlling interest | 20 | 336,326 | 201,344 |
| TOTAL EQUITY (page 48) | | 16,369,573 | 13,802,523 |
| LIABILITIES | | | |
| Provision for employees' leaving indemnities | 7 | 121,561 | 95,398 |
| TOTAL NON-CURRENT LIABILITIES | | 121,561 | 95,398 |
| Payables and accrued expenses | 8 | 819,135 | 920,228 |
| Deferred income | 9 | 55,608 | 52,274 |
| TOTAL CURRENT LIABILITIES | | 874,743 | 972,502 |
| TOTAL EQUITY AND LIABILITIES | | 17,365,877 | 14,870,423 |



ABDUL RAZAK ABDULLA HASSAN AL QASSIM
Chairman



MOHAMMED MALIK
Vice Chairman

The consolidated financial statements consisting of pages 45 to 64 were approved by the directors on 22 February 2016.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

as at 31 December 2015

(Bahraini Dinars)

| | Note | 2015 | 2014 |
|--|------|------------------|------------------|
| REVENUE | | | |
| Switch | 10 | 4,492,358 | 3,942,271 |
| CRB | | 1,029,420 | 1,018,577 |
| BCTS | | 619,745 | 613,109 |
| EFTS | | 28,213 | - |
| Card services | 11 | 948,913 | 821,902 |
| Total operating revenue | | 7,118,649 | 6,395,859 |
| Staff cost | | 1,784,368 | 1,684,979 |
| Cost of card services | 12 | 349,007 | 411,337 |
| Cost of other services | 13 | 691,900 | 671,207 |
| Depreciation and amortisation | 4,5 | 490,157 | 478,234 |
| Other operating expenses | 14 | 712,253 | 448,283 |
| Total operating costs | | 4,027,685 | 3,694,040 |
| Operating profit | | 3,090,964 | 2,701,819 |
| Interest income | 15 | 124,086 | 114,478 |
| Profit for the year | | 3,215,050 | 2,816,297 |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income for the year | | 3,215,050 | 2,816,297 |
| Attributable to: | | | |
| - Equity holders of the parent company | | 3,080,068 | 2,754,267 |
| - Non controlling interest | | 134,982 | 62,030 |
| | | 3,215,050 | 2,816,297 |



ABDUL RAZAK ABDULLA HASSAN AL QASSIM
Chairman



MOHAMMED MALIK
Vice Chairman

The consolidated financial statements consisting of pages 45 to 64 were approved by the directors on 22 February 2016.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

(Bahraini Dinars)

| 2015 | Total equity attributable to shareholders of the parent Company | | | | Non controlling Interest | Total equity |
|---|---|----------------------|----------------------|-------------------|--------------------------------|-------------------|
| | Share capital | Statutory reserve | Retained earnings | Total | | |
| At 1 January 2015 | 2,592,000 | 1,313,589 | 9,695,590 | 13,601,179 | 201,344 | 13,802,523 |
| Profit and total comprehensive income for the year | - | - | 3,080,068 | 3,080,068 | 134,982 | 3,215,050 |
| Bonus shares issued | 518,400 | - | (518,400) | - | - | - |
| Dividend declared for 2014 | - | - | (648,000) | (648,000) | - | (648,000) |
| Transfer to statutory reserve | - | 273,249 | (273,249) | - | - | - |
| At 31 December 2015 | 3,110,400 | 1,586,838 | 11,336,009 | 16,033,247 | 336,326 | 16,369,573 |

| 2014 | Total equity attributable to shareholders of the parent Company | | | | Non controlling Interest | Total equity |
|---|---|----------------------|----------------------|-------------------|--------------------------------|-------------------|
| | Share capital | Statutory reserve | Retained earnings | Total | | |
| At 1 January 2014 | 2,160,000 | 1,091,133 | 8,135,779 | 11,386,912 | 139,314 | 11,526,226 |
| Profit and total comprehensive income for the year | - | - | 2,754,267 | 2,754,267 | 62,030 | 2,816,297 |
| Bonus shares issued | 432,000 | - | (432,000) | - | - | - |
| Dividend declared for 2013 | - | - | (540,000) | (540,000) | - | (540,000) |
| Transfer to statutory reserve | - | 222,456 | (222,456) | - | - | - |
| At 31 December 2014 | 2,592,000 | 1,313,589 | 9,695,590 | 13,601,179 | 201,344 | 13,802,523 |

The consolidated financial statements consist of pages 45 to 64.

Consolidated Statement of Cash Flows

for the year ended 31 December 2015

(Bahraini Dinars)

| | 2015 | 2014 |
|---|--------------------|--------------------|
| Operating activities | | |
| Cash received from switch operations | 4,496,907 | 3,891,702 |
| Cash received from CRB operations | 1,004,522 | 1,002,188 |
| Cash received from card services | 890,741 | 737,433 |
| Cash received from BCTS operations | 613,726 | 609,110 |
| Payments for operating expenses | (3,528,772) | (2,920,081) |
| Payment for directors' remuneration | (84,000) | (77,000) |
| Net cash generated from operating activities | 3,393,124 | 3,243,352 |
| Investing activities | | |
| Purchase of furniture and equipment | (803,506) | (51,608) |
| Purchase of software | (662,333) | (32,315) |
| Payments for capital work in progress | (56,552) | (204,977) |
| Placement of deposits with banks | - | (1,000,000) |
| Interest received on current account | 6,024 | 5,358 |
| Net cash used in investing activities | (1,516,367) | (1,283,542) |
| Financing activities | | |
| Dividend paid | (648,000) | (540,000) |
| Net cash used in financing activities | (648,000) | (540,000) |
| Net increase in cash and cash equivalents | 1,228,758 | 1,419,810 |
| Cash and cash equivalents at beginning of year | 6,685,766 | 5,265,956 |
| Cash and cash equivalents at end of the year | 7,914,524 | 6,685,766 |
| Cash and bank balances | 4,138,215 | 3,658,140 |
| Balance with Central Bank of Bahrain | 2,503,206 | 1,797,917 |
| Balance with other central banks | 1,273,103 | 1,229,709 |
| | 7,914,524 | 6,685,766 |

The consolidated financial statements consist of pages 45 to 64.

Notes

to the 31 December 2015 consolidated financial statements

(Bahraini Dinars)

1. STATUS AND OPERATIONS

The Benefit Company BSC (c) (the “Company”) is registered with the Directorate of Commerce and Companies Affairs since 29 October 1997 under registration number 39403.

The Company has been granted with a licence for Ancillary Services from the Central Bank of Bahrain to provide payment systems, Bahrain Cheque Truncation and other related financial services for the benefit of the commercial banks and their customers in the Kingdom of Bahrain. The Credit Reference Bureau (CRB) operations commenced in the Kingdom of Bahrain in August 2005. The Company launched the Bahrain Cheques Truncation System (the “BCTS”) on 13 May 2012 and Electronic Fund Transfer System (the “EFTS”) on 5 November 2015.

Share Capital

The Company's authorised capital is BD 5,400,000. The Company's issued and paid up capital is BD 3,110,400 comprising 31,104 shares of BD 100 each.

Subsidiary

The Company owns 51% in ‘SINNAD WLL’ (“Subsidiary”), and Network International (“NI”) holds the remaining 49% shareholding. The Subsidiary has been incorporated to provide debit and credit card hosting services, cards personalisation and other ATM acquiring services. The consolidated financial statements comprise the financial statements of the Company and its subsidiary (together referred to as the “Group”).

2 BASIS OF PREPARATION

a) Statement of compliance

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

b) Basis of presentation

The consolidated financial statements are prepared on the historical cost basis. The accounting policies have been consistently applied by the Group and are consistent with those applied in the previous year.

c) Functional and presentation currency

The consolidated financial statements are presented in Bahraini Dinars, which is also the Group's functional currency.

d) New Standards, amendments and interpretations effective on or after 1 January 2015

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

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

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

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

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

Notes

to the 31 December 2015 consolidated financial statements

(Bahraini Dinars)

2 BASIS OF PREPARATION (continued)

- **Annual Improvements to IFRSs 2010–2012 and 2011–2013 Cycles various standards**

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

- e) **New standards, amendments and interpretations issued but not yet effective**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

- **IFRS 9 - Financial Instruments**

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

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The adoption of this standard is not expected to have a significant impact on the Group.

- **IFRS 15 – Revenue from Contracts with Customers**

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

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

- **Annual improvements to IFRSs 2012-2014 cycle-various standards**

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

- f) **Early adoption of standards**

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

3 SIGNIFICANT ACCOUNTING POLICIES

- a) **Basis of consolidation**

- i. **Subsidiary**

“Subsidiaries” are all investees controlled by the Group. The Group ‘controls’ an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

Notes

to the 31 December 2015 consolidated financial statements

(Bahraini Dinars)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

ii. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

iii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transactions gains and losses) arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b). Transactions eliminated on consolidation

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered. The company recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the company's activities as described below:

(i) Sale of services

The company provides a number of services to banks in the Kingdom of Bahrain. Revenue from provision of services relating to switch, credit reference bureau, Bahrain cheque transaction system, card services and internet banking is recognised when the related service is performed.

(ii) Interest Income

Interest income is recognised using the effective interest rate method.

c). Furniture, equipment and software

Owned assets

Furniture, equipment and software are stated at cost less accumulated depreciation and impairment losses, if any. The cost of the assets includes the cost of bringing them to their present location and condition. Direct costs are capitalized until the assets are ready for use. Intangible assets are recorded at the consideration paid for acquisition.

Subsequent measurement

Expenditure incurred to replace a component of an asset that is accounted for separately, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the asset. All other expenditure is recognised in profit or loss as an expense as incurred.

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

Depreciation

Depreciation is applied on a straight line basis over the useful life of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged.

Notes

to the 31 December 2015 consolidated financial statements

(Bahraini Dinars)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets are amortized over their estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Group for its use. The Management estimates the useful lives for the various fixed assets as follows:

| | |
|---|-------------|
| System hardware | 3 – 7 years |
| System software | 3 – 5 years |
| Computer equipments | 3 – 5 years |
| Furniture, fixtures and office equipments | 5 – 8 years |
| Vehicles | 5 years |

All depreciation is charged to profit or loss.

d). Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances, balance with the Central Bank of Bahrain and other central banks, and bank deposits maturing within 3 months or less from the acquisition date and that are subject to insignificant risk of changes in fair value.

e). Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

f). Trade and other payables

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

g). Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. All impairment losses are recognised in profit or loss.

h). Provisions

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

i). Dividends

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

j). Employees' Benefits

Pensions and other social benefits for Bahraini employees are covered by the Social Insurance Organisation scheme to which employees and employers contribute monthly on a fixed percentage-of-salaries basis. The Group's contribution to this scheme, which represents a defined contribution scheme under International Accounting Standard 19 – Employee Benefits, is expensed as incurred.

Notes

to the 31 December 2015 consolidated financial statements

(Bahraini Dinars)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Employee savings scheme

The Company has a voluntary employees saving scheme. The employees and employers contribute monthly on a fixed-percentage-of-salaries-basis to the scheme.

k). Foreign currency transactions

- I. Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional' currency). The consolidated financial statements are presented in Bahraini Dinars, which is the Group's functional and presentation currency.
- II. Transactions in foreign currencies are translated to Bahraini dinars, at the foreign exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to Bahraini dinars at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated into Bahraini dinars at the foreign exchange rates ruling at the date of the transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

l) Critical accounting estimates and judgments in applying accounting policies

The preparation of financial statements in conformity with IFRSs require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Impairment of receivables

The Group reviews the carrying amounts of the receivables at each reporting date to determine whether the receivables have been impaired. The Group identifies the receivables, which have been impaired based on the age of the receivables, the receivables recoverable amount is estimated based on past experience and estimated cash flows.

Revenue recognition

The Group provides debit and credit card management services to banks in the Kingdom of Bahrain and other countries. The Group recognises revenue from rendering of services in proportion to the percentage of completion of the services at the reporting date. The percentage of completion of the services is based on management judgement involving assessment of the services provided to the customer as of the reporting date relative to the total performance obligations under the contract, and costs incurred till date.

m) Statutory reserve

The Bahrain Commercial Companies Law 2001 requires 10 percent of net profit to be appropriated to a statutory reserve, which is not normally distributable except in accordance with Article 224. Appropriations may cease when the reserve reaches 50 percent of the paid-up share capital.

Notes

to the 31 December 2015 consolidated financial statements

(Bahraini Dinars)

4 FURNITURE AND EQUIPMENT

| | System hardware | Computers | Furniture, Fixtures, Office Equipment & Vehicle | 2015 Total | 2014 Total |
|--------------------------------------|------------------|----------------|---|------------------|------------------|
| Cost | | | | | |
| At 1 January | 1,451,966 | 152,383 | 116,422 | 1,720,771 | 1,646,508 |
| Additions | 929,423 | 1,803 | 9,701 | 940,927 | 74,263 |
| At 31 December | 2,381,389 | 154,186 | 126,123 | 2,661,698 | 1,720,771 |
| Depreciation | | | | | |
| At 1 January | 1,048,038 | 147,744 | 80,695 | 1,276,477 | 1,053,550 |
| Charge for the year | 219,213 | 3,604 | 13,148 | 235,965 | 222,927 |
| At 31 December | 1,267,251 | 151,348 | 93,843 | 1,512,442 | 1,276,477 |
| Carrying value at 31 December | 1,114,138 | 2,838 | 32,280 | 1,149,256 | 444,294 |

5 SYSTEM SOFTWARE

| | 2015 | 2014 |
|---------------------------|------------------|----------------|
| At 1 January | 619,755 | 804,013 |
| Additions | 713,554 | 71,049 |
| Amortised during the year | (254,192) | (255,307) |
| At 31 December | 1,079,117 | 619,755 |

Notes

to the 31 December 2015 consolidated financial statements

(Bahraini Dinars)

6 TRADE RECEIVABLES

| | 2015 | 2014 |
|----------------------|---------|---------|
| Gross receivables | 380,965 | 277,360 |
| Impairment allowance | (660) | - |
| | 380,305 | 277,360 |

The movement on impairment allowance is as follows:

| | 2015 | 2014 |
|-------------------------------------|------|----------|
| At 1 January | - | 24,211 |
| Charge for the year | 660 | 1,481 |
| Reversal of impairment provision | - | (24,211) |
| Amounts written off during the year | - | (1,481) |
| | 660 | - |

7 PROVISION FOR EMPLOYEES' LEAVING INDEMNITIES

The movement in the provision is as follows:

| | 2015 | 2014 |
|--|----------------|---------------|
| At 1 January | 95,398 | 75,712 |
| Add: charge for the year | 28,926 | 19,686 |
| Less: paid during the year | (2,763) | - |
| At 31 December | 121,561 | 95,398 |
| Total number of employees at 31 December: | | |
| Bahrainis | 62 | 57 |
| Expatriates | 3 | 3 |
| | 65 | 60 |

For the year ended 31 December 2015, the Company's Gosi contribution for employees amounted to BD 115,304 (2014: BD 105,628). The Group also has an employees' saving scheme, in accordance with which the participating employees and the Group contribute monthly on a fixed percentage of relating basis. All contributions are deposited to a separate bank account, and does not form part of the operating bank balances of the Group in the statement of financial position.

The Group's contribution to the employees' saving scheme amounted to BD 52,511 (2014: BD 35,653), and the balance of the saving scheme bank account as at 31 December 2015 amounted to BD 403,092 (2014: BD 314,769)

Notes

to the 31 December 2015 consolidated financial statements

(Bahraini Dinars)

8 PAYABLES AND ACCRUED EXPENSES

| | 2015 | 2014 |
|-------------------------------------|----------------|----------------|
| Trade payables | 233,588 | 55,478 |
| Payables for card processing | 79,898 | 376,172 |
| Accrual for bonus | 202,396 | 189,624 |
| Accrual for directors' remuneration | 84,000 | 77,000 |
| Other accrued expenses | 219,253 | 221,954 |
| | 819,135 | 920,228 |

9 DEFERRED INCOME

Deferred income represents advance billing to clients where the services are yet to be provided by the Company. It is recognised as income when the related services are performed.

10 SWITCH INCOME

| | 2015 | 2014 |
|-----------------------|------------------|------------------|
| Bahrain ATM | 1,825,285 | 1,678,193 |
| Bahrain POS | 1,455,737 | 1,233,782 |
| GCC ATM | 547,235 | 491,918 |
| GCC POS | 52,156 | 31,435 |
| Telecom bill payment | 286,838 | 251,383 |
| Payment gateway | 121,126 | 103,478 |
| Internet Banking | 67,037 | 68,319 |
| AMEX | 42,774 | 38,323 |
| Direct debit services | 94,170 | 45,440 |
| | 4,492,358 | 3,942,271 |

11 REVENUE FROM CARD SERVICES

| | 2015 | 2014 |
|---------------------------------------|----------------|----------------|
| Debit and credit card hosting | 707,157 | 613,840 |
| Debit and credit card personalisation | 136,724 | 187,704 |
| License and personalisation setup | 105,032 | 20,358 |
| | 948,913 | 821,902 |

Notes

to the 31 December 2015 consolidated financial statements

(Bahraini Dinars)

12 COST OF CARD SERVICES

This includes payments to Network International and other suppliers for debit and credit card personalisation and hosting services.

13 COSTS OF OTHER SERVICES

| | 2015 | 2014 |
|--------------------------------|---------|---------|
| License fees | 193,103 | 191,715 |
| System support and maintenance | 341,304 | 319,848 |
| Communication lines | 116,213 | 121,518 |
| GCC NET telecom charges | 18,944 | 18,944 |
| Other processing costs | 22,336 | 19,182 |
| | 691,900 | 671,207 |

14 OTHER OPERATING EXPENSES

| | 2015 | 2014 |
|--|---------|----------|
| Occupancy costs | 139,735 | 139,660 |
| Directors remuneration | 91,000 | 77,000 |
| Travel and Conferences | 44,568 | 35,021 |
| Public relation and Marketing | 126,179 | 50,013 |
| Legal and professional expenses | 185,914 | 79,051 |
| Directors' sitting fees | 17,400 | 14,700 |
| Telephone and fax | 9,888 | 9,232 |
| Meals and Entertainment | 16,151 | 11,817 |
| Impairment/(reversal) allowance for doubtful debts | 660 | (24,211) |
| Other expenses | 80,758 | 56,000 |
| | 712,253 | 448,283 |

Directors remuneration expense for the year ended 31 December 2015 include BD 7,000 additional remuneration for 2014 approved and paid in 2014.

15 INTEREST INCOME

| | 2015 | 2014 |
|---------------------------|---------|---------|
| Interest on bank deposits | 124,086 | 114,478 |
| | 124,086 | 114,478 |

Notes

to the 31 December 2015 consolidated financial statements

(Bahraini Dinars)

16 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

a) Transactions with key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel compensation is as follows:

| | 2015 | 2014 |
|---|---------|---------|
| Salaries and short term employee benefits | 586,271 | 605,539 |
| Long term employee benefits | 83,147 | 77,454 |
| Directors remuneration | 91,000 | 77,000 |
| Directors fees | 17,400 | 14,700 |

b) Balances with and from related parties

| | 2015 | | |
|---------------------|--------------|---------------------|-----------|
| | Shareholders | Other related party | Total |
| Bank balances | 4,137,966 | - | 4,137,966 |
| Deposits with banks | 6,677,641 | - | 6,677,641 |
| Trade receivables | 177,929 (i) | 795 | 178,724 |
| Payables | - | 65,213 (ii) | 65,213 |

| | 2014 | | |
|---------------------|--------------|---------------------|-----------|
| | Shareholders | Other related party | Total |
| Bank balances | 3,657,768 | - | 3,657,768 |
| Deposits with banks | 6,559,580 | - | 6,559,580 |
| Trade receivables | 154,451 (i) | 2,911 | 157,362 |
| Payables | - | 375,418 (ii) | 375,418 |

- (i) The Group has dealings with several banks in the Kingdom of Bahrain who are also shareholders of the Group. These transactions are in the nature of provision of services in relation to payment systems, internet banking, card services and Credit Reference Bureau.
- (ii) The Subsidiary has entered into contracts with certain shareholders of the Parent company for the provision of services related to debit/ credit card personalisation and ATM acquiring services. In accordance with an understanding between Network International ("NI"- 49% shareholder of the Subsidiary) and the Subsidiary, the Subsidiary has outsourced work related to ongoing projects to NI. In consideration of the services provided by NI, the Subsidiary will pay the agreed costs of providing such services to NI, which amounted to BD 242,865 (2014: 305,491).

Notes

to the 31 December 2015 consolidated financial statements

(Bahraini Dinars)

17 CAPITAL COMMITMENTS

Capital commitments as on 31 December 2015 by the Group are BD 309,881 (2014: BD 712,888).

18 APPROPRIATIONS AND BOARD REMUNERATIONS

The Board of Directors has recommended the following appropriations from profit for the year and board remunerations which are subject to approval by the shareholders in the Annual General Meeting:

| | 2015 | 2014 |
|------------------------|-----------|---------|
| Bonus shares | - | 518,400 |
| Cash dividends | 1,866,240 | 648,000 |
| Statutory reserve | - | 259,200 |
| Directors remuneration | 120,000 | 84,000 |

The Board has recommended the distribution of cash dividends of BD 1,866,240 from the retained earnings. Further, the Board has also recommended BD 120,000 as the directors remuneration for the year 2015.

19 SUBSIDIARY

The table below provides details of the subsidiary of the Group. The share capital of the subsidiary consists solely of ordinary shares, which are held directly by the group and the proportion of ownership interests held equals to the voting rights held by group. The country of incorporation or registration is also their principal place of business:

| Name of the entity | Place of business | Proportion of ownership and voting power held by the Group | Proportion of ownership held by the NCI | Principal activities |
|--------------------|--------------------|--|---|---|
| Sinnad WLL | Kingdom of Bahrain | 51% | 49% | Debit and credit cards hosting and cards personalisation services |

Notes

to the 31 December 2015 consolidated financial statements

(Bahraini Dinars)

20 NON CONTROLLING INTEREST

The table below summarises the information relating to the Group's subsidiary that has material noncontrolling interest. ("NCI")

| | 2015 | 2014 |
|--|----------------|---------|
| NCI percentage | 49 | 49 |
| Assets | 821,246 | 841,467 |
| Liabilities | 134,865 | 430,559 |
| Net Assets | 686,381 | 410,908 |
| Carrying amount of NCI | 336,326 | 201,344 |
| Revenue | 948,913 | 821,902 |
| Profit | 275,473 | 126,591 |
| Total comprehensive income | 275,473 | 126,591 |
| Profit allocated to NCI | 134,982 | 62,030 |
| Cash flows (used in) / from operating activities | (61,287) | 139,756 |
| Cash flows used in investing activities | (4,371) | (1,510) |
| Net (decrease) / increase in cash and cash equivalents | (65,658) | 138,246 |

21 FINANCIAL RISK MANAGEMENT

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, deposits with banks, balance with the Central Bank of Bahrain, balances with other central banks, CRB receivables, prepaid expenses and other receivables.

Financial liabilities consist of payables and accrued expenses.

Overview

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

- credit risk
- liquidity risk
- market risk

Notes

to the 31 December 2015 consolidated financial statements

(Bahraini Dinars)

21 FINANCIAL RISK MANAGEMENT (continued)

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has appointed the Chief Executive Officer who is responsible for developing and monitoring the risk management policies for the Group.

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk on its cash and bank balances, balance with the Central Bank of Bahrain, balance with other central banks, prepaid expenses and other receivables and CRB receivables.

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

- Credit risk is actively managed and rigorously monitored in accordance with well-defined credit policies and procedures laid down by the Group.
- Cash is placed with banks with good credit ratings.

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

| | 2015 | 2014 |
|--------------------------------------|-----------|-----------|
| Bank balance | 4,137,966 | 3,657,768 |
| Deposits with banks | 6,677,641 | 6,559,580 |
| Balance with Central Bank of Bahrain | 2,503,206 | 1,797,917 |
| Balance with other central banks | 1,273,103 | 1,229,709 |
| Trade receivables | 380,305 | 277,360 |
| Other receivables | 26,961 | 26,539 |

The Group's credit risk on bank balances is limited since these are maintained with banks having high credit ratings. The Group's credit risk is minimal as all switch fee income is received from financial institutions and other central banks, which are transferred to the Group's account with the Central Bank of Bahrain within a week of rendering the service.

Notes

to the 31 December 2015 consolidated financial statements

(Bahraini Dinars)

21 FINANCIAL RISK MANAGEMENT (continued)

Ageing of receivables:

| | 2015 | 2014 |
|--------------------------|----------------|----------------|
| 0 - 30 days | 234,977 | 245,564 |
| 31 - 180 days | 152,056 | 58,335 |
| 181 - 365 days | 20,893 | - |
| Gross receivables | 407,926 | 303,899 |
| Impairment allowance | (660) | - |
| | 407,266 | 303,899 |

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

The past due and impaired receivables amounted to BD 660 (2014: BD Nil). The Group believes that amounts past due by more than 30 days amounting to BD 172,949 (2014: BD 58,335), are not impaired and are collectible in full, based on historic payment behaviour and since these amounts are due from reputed customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The management rigorously monitors the liquidity requirements of the Group and it ensures that sufficient funds are available. The Group has sufficient liquidity and thus does not resort to borrowings in the normal course of business.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

| 2015 | Carrying Amount | Contractual cash flows | 6 months or less |
|-------------------------------|-----------------|------------------------|------------------|
| Payables and Accrued Expenses | 794,865 | 794,865 | 794,865 |
| Deferred income | 55,608 | 55,608 | 55,608 |
| | 850,473 | 850,473 | 850,473 |
| 2014 | Carrying Amount | Contractual cash flows | 6 months or less |
| Payables and Accrued Expenses | 899,535 | 899,535 | 899,535 |
| Deferred income | 52,274 | 52,274 | 52,274 |
| | 951,809 | 951,809 | 951,809 |

Notes

to the 31 December 2015 consolidated financial statements

(Bahraini Dinars)

21 FINANCIAL RISK MANAGEMENT (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. The majority of Group's switch transactions are in other GCC currencies. Except for the Kuwaiti Dinar, the other GCC currencies are pegged to the US Dollar, hence there is no significant movement in the exchange rates between the GCC currencies. The group is charging a mark-up on GCC switch transaction in order to cover up the currency losses. Such mark-up is classified as operation revenue.

Change in market foreign exchange rates is not expected to have a significant impact on the operations of the Group.

Interest rate risk

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

The Group's short-term deposit is at a fixed interest rate and matures within 1 year.

| | 2015 | 2014 |
|---|-------|-------|
| Effective interest rate on short-term deposit (BHD) | 1.78% | 1.80% |

Change in market interest rate will not have a significant impact on the carrying value of the deposits due to short term characteristics of the deposit.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total shareholders' equity. The Group's consolidated return on equity was 20 percent in 2015 (2014: 20 percent).

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

Fair value and classification of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. Differences may therefore arise between book values under the historical cost method and fair value estimates.

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

The fair value of the Group's financial assets and liabilities are not materially different from their carrying amounts due to their short term nature.

At 31 December 2015, all the Group's financial assets have been classified as loans and receivables and financial liabilities are classified as financial liabilities measured at amortised cost.

22 COMPARATIVES

The comparative figures have been regrouped where necessary, in order to conform to the current year presentation. Such regrouping did not affect previously reported profit for the year or total equity.