GENERAL GULF S.P.C.
MANAMA
KINGDOM OF BAHRAIN

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2011

GENERAL GULF S.P.C.
MANAMA – KINGDOM OF BAHRAIN

Commercial Registration No.	56359-1
Director	Mr. Stephanides Andreas (Up to October 15, 2011) Mr. Georgior Koutsopodiotis (From October 15, 2011)
Registered Office	Flat 341, Block 304, Manama, Kingdom of Bahrain.
Banker	HSBC Bank Middle East
Auditor	Deloitte & Touche, P.O. Box 421, Manama, Kingdom of Bahrain.

GENERAL GULF S.P.C.
MANAMA – KINGDOM OF BAHRAIN

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GENERAL GULF S.P.C.
MANAMA – KINGDOM OF BAHRAIN

DIRECTOR'S REPORT

The Director presents his annual report and financial statements of General Gulf S.P.C. (c) ("the Company") for the year ended December 31, 2011.

PRINCIPAL ACTIVITY

The principal activity of the Company is to provide management and business consultancy services and marketing consultancy services to projects within and outside the Kingdom of Bahrain.

REVIEW OF BUSINESS

The results for the year are set out on page 5 of these financial statements.

APPROPRIATIONS

None.

CHANGES IN DIRECTOR

Mr. Georgios Koutsopodiotis has been appointed as a Director and Mr. Stephanides Andreas resigned with effect from October 15, 2011.

AUDITOR

A resolution proposing the reappointment of Deloitte & Touche as the auditor of the Company for the year ending December 31, 2012 and authorising the Directors to fix their remuneration will be put to the Annual General Meeting.

On behalf of the board

____

Director
February 28, 2012

Deloitte.

Deloitte & Touche - Middle East
Al-Zamil Tower
Government Avenue
P.O. Box 421, Manama
Kingdom of Bahrain
Tel: +973 1721 4490
Fax: +973 1721 4550
www.deloitte.com
C.R. 18670

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER

General Gulf S.P.C.,
Manama,
Kingdom of Bahrain.

Report on the Financial Statements

We have audited the accompanying financial statements of General Gulf S.P.C., ("the Company"), which comprise the statement of financial position as at December 31, 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER (CONTINUED)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of General Gulf S.P.C. as at December 31, 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 6 of the financial statements, which describe the significant related party transactions and balances. The continuity of the Company as a going concern is dependant on related party transactions and the recoverability of its related parties' receivables. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

In our opinion, the Company has maintained proper accounting records and the financial statements have been prepared in accordance with those records. We further report that, to the best of our knowledge and belief, the financial information provided in the Directors' report is in agreement with the financial statements and based on the information and explanations provided by the management which were required for the purpose of our audit, we are not aware of any violations of the relevant provisions of Bahrain Commercial Companies Law 2001 and the Company's Memorandum and Articles of Association having occurred during the year ended December 31, 2011 that might have had a material effect on the business of the Company or on its financial position.

Manama – Kingdom of Bahrain,
February 28, 2012

Deloitte & Touche

Deloitte & Touche

GENERAL GULF S.P.C.
MANAMA – KINGDOM OF BAHRAIN

STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2011

	Notes	2011 BD	2010 BD
ASSETS			
Non-current asset			
Investment in an associate	5	-	86,488
Current assets			
Bank balances		97,367	59,679
Due from related parties	6.2	4,754,904	4,771,686
Total current assets		4,852,271	4,831,365
Total assets		4,852,271	4,917,853
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	7	50,000	50,000
Statutory reserve	8	25,000	25,000
Retained earnings		3,707,735	3,584,846
Total equity		3,782,735	3,659,846
Liabilities			
Non-current liability			
Loan from a related party	6.1	37,400	306,975
Current liabilities			
Accrued expenses		58,082	39,001
Tax liability	9	-	175,514
Due to related parties	6.3	711,178	736,517
Loan from a related party	6.1	262,876	-
Total current liabilities		1,032,136	951,032
Total liabilities		1,069,536	1,258,007
Total equity and liabilities		4,852,271	4,917,853

The financial statements were approved by the Director and authorised for issue on February 28, 2012 and signed by:

Mr. Georgios Koutsopodiotis
Director

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

GENERAL GULF S.P.C.
MANAMA – KINGDOM OF BAHRAIN

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2011

	Notes	2011 BD	2010 BD
Revenue	6.5	-	2,507,341
Cost of revenue	10	-	(101,862)
Gross profit		-	2,405,479
Other income	12	150,036	79,147
Share of associate's loss	5	-	(1,043)
General and administrative expenses	11	(6,628)	(10,926)
Finance costs	6.5	(20,519)	(15,079)
Profit before tax		122,889	2,457,578
Income tax expense	9	-	(175,514)
Profit for the year		122,889	2,282,064
Total comprehensive income for the year		122,889	2,282,064

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

GENERAL GULF S.P.C.
MANAMA – KINGDOM OF BAHRAIN

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011

	Share Capital BD	Statutory Reserve BD	Retained Earnings BD	Total BD
At December 31, 2009	50,000	25,000	1,302,782	1,377,782
Total comprehensive income for the year	-	-	2,282,064	2,282,064
At December 31, 2010	50,000	25,000	3,584,846	3,659,846
Total comprehensive income for the year	-	-	122,889	122,889
At December 31, 2011	50,000	25,000	3,707,735	3,782,735

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

GENERAL GULF S.P.C.
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 BD	2010 BD
Cash flows from operating activities:		
Profit for the year	122,889	2,282,064
Adjustment for:		
Share of associate's loss	-	1,043
Exchange loss on liquidation of associate	3,620	-
Finance costs	20,519	15,079
Income tax expenses	-	175,514
Reversal of tax provision	(123,858)	-
	23,170	2,473,700
Decrease / (increase) in due from related parties	51,125	(1,873,131)
Increase in accrued expenses	19,081	18,867
Decrease in due to related parties	(22,754)	(584,465)
Cash generated from operating activities	70,622	34,971
Tax paid	(51,656)	(201,879)
Net cash from / (used in) operating activities	18,966	(166,908)
Cash flows from financing activities:		
(Decrease) / increase in loan from a related party	(6,699)	211,575
Finance costs paid	(20,519)	(15,079)
Net cash (used in) / from financing activities	(27,218)	196,496
Cash flows from investing activity:		
Cash inflow on liquidation of Associate	45,940	-
Net cash from an investing activity	45,940	-
Net increase in cash and cash equivalents	37,688	29,588
Cash and cash equivalents at the beginning of the year	59,679	30,091
Cash and cash equivalents at the end of the year	97,367	59,679
Comprising:		
Bank balances	97,367	59,679

Non-Cash transaction; during the year, proceeds in respect of liquidation of Associate amounting to BD 34,343 (SR 341,657) had not been received in cash and it is transferred to a related party at the end of reporting period.

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

GENERAL GULF S.P.C.
MANAMA – KINGDOM OF BAHRAIN

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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1. STATUS AND ACTIVITIES:

General Gulf Holding S.P.C. was registered as a single person company with the Ministry of Industry and Commerce in the Kingdom of Bahrain under commercial registration No. 56359-1 on April 13, 2005. The original principal activities of the General Gulf Holding S.P.C. were to invest in shares, bonds and securities.

The principal activities of General Gulf Holding S.P.C. were amended to the following activities with effect from June 14, 2009.

1) Management and business administration consultancy; and
2) Provide marketing consultancy within and outside Bahrain.

As a result of the change in the business activities of the Company, the Company name was amended to "General Gulf S.P.C." ("the Company"), owned by Gulf Millennium Holdings Ltd, Cypress ("the Parent Company"), with effect from the same date.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and revised IFRS effective for the current period

The following new and revised IFRS have been adopted in these financial statements. The application of these new and revised IFRS has not had material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements:

- Amendments to IAS 24 *Related Party Disclosures* modifying the definition of a related party and introduction of partial eruption from the disclosures requirements for government-related entities.

- Amendments to IAS 32 *Classification of Rights Issues* address the classification of certain rights issues denominated in a foreign currency as either an equity instruments or as financial liabilities.

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

2.1 Standards and Interpretations effective for the current period (Continued)

- Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement.* The amendments correct an unintended consequence of IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.*
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically equity instruments issued under such arrangements are measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid recognised in profit or loss.
- Improvements to IFRSs issued in 2010 – Amendments to: IFRS 1; IFRS 3 (2008); IFRS 7; IAS 1; IAS 27 (2008); IAS34; IFRIC 13.

2.2 Standards and Interpretations in issue but not yet effective

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

	Effective for annual periods beginning on or after
• Amendments to IFRS 7 *Disclosures – Transfers of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures of transactions when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.	July 1, 2011
• IFRS 9 Financial Instruments – The requirements of IFRS 9 represent a significant change from the classification and measurement requirements in IAS 39 Financial Instruments: Classification and Measurement in respect of financial assets. The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of the issuer.	January 1, 2015

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

2.2 Standards and Interpretations in issue but not yet effective (Continued)

• IFRS 10 *Consolidated Financial Statements** uses control as the single basis for consolidation, irrespective of the nature of the investee. IFRS 10 requires retrospective application subject to certain transitional provisions providing an alternative treatment in certain circumstances. Accordingly IAS 27 *Separate Financial Statements** and IAS 28 *Investments in Associates and Joint Ventures** have been amended for the issuance of IFRS 10.	January 1, 2013
• IFRS 11 *Joint Arrangements** establishes two types of joint arrangements: Joint operations and joint ventures. The two types of joint arrangements are distinguished by the rights and obligations of those parties to the joint arrangement. Accordingly IAS 28 *Investments in Associates and Joint Ventures* has been amended for the issuance of IFRS 11.	January 1, 2013
• IFRS 12 *Disclosure of Interests in Other Entities** combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, associates and structured entities into one comprehensive disclosure Standard.	January 1, 2013
• IFRS 13 Fair Value Measurement issued in May 2011, establishes a single source of evidence for fair value measurements and disclosures about fair value measurement and is applicable for both financial and non-financial items.	January 1, 2013
• Amendments to IAS 1 – Presentation of Other Comprehensive Income. The amendments retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate statements. However, items of other comprehensive income are required to be grouped into those that will and will not subsequently be reclassified to profit or loss with tax on items of other comprehensive income required to be allocated on the same basis.	July 1, 2012
• Amendments to IAS 12 Income Taxes provide an exception to the general principles of IAS 12 for investment property measured using the fair value model in IAS 40 Investment Property by the introduction of a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale.	January 1, 2012

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

2.2 Standards and Interpretations in issue but not yet effective (Continued)

• Amendments to IAS 19 *Employee Benefits* eliminate the "corridor approach" and therefore require an entity to ollatera changes in defined benefit plan obligations and plan assets when they occur.	January 1, 2013
• IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*	January 1, 2013
• Amendments to IFRS 7 *Financial Instruments: Disclosures* enhancing disclosures about offsetting of financial assets and liabilities	January 1, 2013
• Amendments to IAS 32 *Financial Instruments: Presentation* relating to application guidance on the offsetting of financial assets and financial liabilities	January 1, 2013
• Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9	January 1, 2015 (or otherwise when IFRS 9 is first applied)

*In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011). These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The management anticipates that the adoption of the above Standards and Interpretations in future years will have no material impact on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES:

Statement of Compliance

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

Basis of Preparation

The financial statements are prepared on the historical cost basis. The financial statements have been presented in Bahraini Dinars ("BD") being the functional currency of the Company.

The significant accounting policies adopted are as follows:

(a) **Investments in Associates**

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are incorporated in these financial statements using the equity method of accounting, whereby the carrying amount of the investment is adjusted to ollatera the Company's share in the net assets of the investee. Distributions received from an investee are deducted from the carrying amount of the investment.

Profits and losses are eliminated to the extent of the Company's interest in the relevant associate.

Upon disposal of an associate that results in the Company losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Company accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

(b) Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Company had only receivables as at the reporting dates.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount at initial recognition.

(c) Trade Receivables

The Company's credit terms require the amounts to be settled based on the specific credit terms with each customer. Accounts receivable are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method, less any impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

(d) Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

(d) Impairment of Financial Assets (Continued)

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

(e) Derecognition of Financial Assets

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

(f) Accrued Expenses

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not. These are carried at amortised cost using the effective interest method, with interest expenses recognised on an effective yield basis.

(g) Long Term Loan

The long term loans are initially measured at fair value of the loans payable, net of transaction costs. These loans are subsequently carried at amortised cost using the effective interest method, with interest expenses recognised on an effective yield basis.

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

(g) Long Term Loan (Continued)

Effective Interest Method

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

(h) Provision

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(i) Derecognition of Financial Liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(j) Taxation

Income tax expense represents the sum of the tax currently payable.

The tax currently payable is based on taxable profit or loss of the year. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

(k) Foreign Currencies

Foreign currency transactions are recognised in BD using exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are retranslated into BD at the year end rates of exchange. Exchange differences arising on the settlement of transactions, and on the retranslation of monetary items, are included in profit or loss for the period.

(l) Revenue Recognition

Revenue from the rendering of services is recognised when all the following conditions are satisfied.

(a) The amount of revenue can be measured reliably;
(b) It is probable that the economic benefits associated with the transaction will flow to the entity;
(c) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
(d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINITY:

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the entity's accounting policies

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINITY: (CONTINUED)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Stage of Completion

The Company estimates the cost to complete the projects in order to determine the stage of completion and accordingly the contract revenue being recognised. These estimates include the cost of potential claims by sub contractors and other contingencies which are subject to uncertainity.

Impairment of receivables

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

5. INVESTMENT IN AN ASSOCIATE:

Details of the Associate are as follows:

Name of associate	Place of incorporation	Proportion of ownership interest and voting power held		Principal activities
		2011	2010	
Edraktor Construction Co. Limited	Kingdom of Saudi Arabia	-	50%	Carrying and contracting agreements for construction of buildings and works for roads, bridges, dams, tunnels and railways.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

5. INVESTMENT IN AN ASSOCIATE: (CONTINUED)

During the year the associate has been liquidated. At the date of liquidation, there was a balance of BD 2,585 as payable to the associate and investment in associate was BD 86,488. Distributions were based upon Final Liquidation Account as of July 4, 2011. The associate did not trade in 2011. The amount has been settled as follows:

	2011 BD	2010 BD
Transfer to due from Edrak International Company (Note 6.2)	34,343	-
Proceeds on liquidation	45,940	-
Less: carrying amount of investment	(83,903)	-
Exchange loss recognised in profit or loss	(3,620)	-

The exchange loss of BD 3,620 has been set off against exchange gain.

Summarised financial information in respect of the Associate is set out below.

	2011 BD	2010 BD
Net assets	-	172,976
Company's share of Associate's net assets	-	86,488

	2011 BD	2010 BD
Total expenses	-	2,086
Total loss for the year	-	2,086
Company's share of Associate's loss for the year	-	1,043

6. RELATED PARTY TRANSACTIONS:

These represent transactions with related parties, i.e. Shareholder, Directors and senior management of the Company, their close family members and entities of which they are principal owners. Pricing policies and terms of these transactions are approved by the Company's management.

6.1 Loan from a related party:

This represents unsecured loan from the Parent Company which carries an interest rate of 6.5% (2010: 6.5%) per annum. The loan balance and repayment terms are as follows:

i) First loan of BD 58,000 obtained on June 8, 2007 and due for payment on June 7, 2012.

ii) Second loan of BD 37,400 (USD 100,000) was obtained on April 7, 2009 and is due for repayment on April 7, 2014.

iii) Third loan of BD 211,575 (EURO 420,000) was obtained on May 5, 2010 and is repayable on demand.

Movement of the loan is given below:	2011 BD	2010 BD
At January 1,	306,975	95,400
Additional loan obtained during the year	-	211,575
Foreign exchange gain for the year	(6,699)	-
At December 31,	300,276	306,975
Presented as:		
Non current liability	37,400	306,975
Current liability	262,876	-
	300,276	306,975

6. RELATED PARTY TRANSACTIONS: (CONTINUED)

6.2 Due from related parties:

- Due from Aktor SA – Qatar Branch, in respect of the consultancy services provided to them.

Movement in the balance is as follows:	2011 BD	2010 BD
At beginning of the year,	4,771,686	2,898,555
Receipts	(51,125)	(634,210)
Invoiced	-	2,507,341
At the end of the year,	4,720,561	4,771,686
• Edrak International Company (Note 5)	34,343	-
	4,754,904	4,771,686

6.3 Due to related parties:

	2011 BD	2010 BD
Advance from Gulf Millennium Holdings Ltd.	4,181	4,181
Edraktor Holdings	2,227	2,227
Millennium Construction Equipment & Trading LLC	695,888	718,642
Advance from other related parties	8,882	8,882
Edraktor Construction Co. Limited	-	2,585
	711,178	736,517

Due from / to related parties in Notes 6.2 & 6.3 are unsecured, interest free and repayable on demand.

6.4 No remuneration was paid to the Director or any other members of key management during the year (2010: Nil).

6.5 Transactions with the related parties are as follows:

	2011 BD	2010 BD
Revenue from transactions with a related party	-	2,507,341
Interest on loan from a related party	20,519	15,079

7. SHARE CAPITAL:

Authorised, issued and fully paid up share capital is contributed as follows:

	2011 and 2010	
	No. of Shares	BD
Gulf Millennium Holdings Ltd, Cyprus (par value: BD 100)	500	50,000

8. STATUTORY RESERVE:

As required by the Bahrain Commercial Companies Law and the Company's Articles of Association, 10% of the profit for the year is required to be transferred to a statutory reserve until the reserve equals 50% of the issued share capital. The reserve is not available for distribution except in the circumstances stipulated in the Bahrain Commercial Companies Law. No transfer has been made as the reserve has reached 50% of share capital.

9. TAX LIABILITY:

	2011 BD	2010 BD
At the beginning of the year	175,514	201,879
Tax expenses during the year	-	175,514
Tax paid	(51,656)	(201,879)
Reversal of excess provision (Note 12)	(123,858)	-
At the end of the year	-	175,514

	2011 BD	2010 BD
Revenue from Qatar	-	2,507,341
Income tax expense calculated at Nil (2010: 7%)	-	175,514

The above tax was payable for the work performed by the Company in the State of Qatar.

10. COST OF REVENUE:

	2011 BD	2010 BD
Management consultancy fee	-	101,862

There is no management fee incurred during the year. (2010: the management consultancy fee is based on an agreement between the Company and Nobox Enterprises Ltd.).

The amount is not specifically mentioned in the agreement and the charges are negotiated between the Company and the consultant upon execution of each service, on a case by case basis.

11. GENERAL AND ADMINISTRATIVE EXPENSES:

General and administrative expenses for the year comprise of:

	2011 BD	2010 BD
General expenses	3,000	2,000
Professional fee	3,453	5,520
Bank charges	175	299
Others	-	3,107
	6,628	10,926

There is no cost related to the staff cost and benefit in the year and last year.

12. OTHER INCOME:

	2011 BD	2010 BD
Foreign currency exchange gain	26,178	79,147
Reversal of tax provision (Note 9)	123,858	-
	150,036	79,147

13. FINANCIAL INSTRUMENTS:

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Company include bank balances and due from related parties.

Financial liabilities of the Company include loan from a related party, accrued expenses and due to related parties.

(a) *Categories of financial instruments*

	2011 BD	2010 BD
Financial assets		
Receivables at amortised cost (including bank balance)	4,852,271	4,831,365
Financial liabilities		
At amortised cost	1,069,536	1,082,493

(b) *Financial risk management objectives*

The Company's management monitors and manages the financial risks relating to the operations of the Company through internal risk reports. These risks include market risk (which consists of foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

The risk associated with financial instruments and the Company's approaches to managing such risks are described below:

(c) *Market risk management:*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Company's activities expose it primarily to financial risk from changes in foreign exchange rates, equity price changes and interest rate changes which are described below:

(c-1) Foreign currency risk

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

The Company's financial assets and liabilities are denominated in Bahraini Dinars and Euros. The balances in Euros are exposed to exchange rate fluctuations. The Company manages foreign currency risk by closely monitoring the exposure to the foreign currency and having exposure within acceptable limits.

13. FINANCIAL INSTRUMENTS: (CONTINUED)

(c) Market risk management: (Continued)

(c-1) Foreign currency risk (Continued)

The carrying amounts of the Company's foreign currency denominated monetary liabilities at the reporting date are as follows:

	2011 BD	2010 BD
Euros	924,576	939,335

There are no monetary assets denominated in foreign currencies at the reporting dates.

Foreign currency sensitivity analysis

The sensitivity analysis includes translating outstanding foreign currency denominated monetary items at the period end for a 5% change in foreign currency rates with all other variables held constant. 5% represents management's assessment of the reasonable possible change in foreign currency rates. A positive number below indicates an increase in the income (a negative number indicates a decrease in income) where BD strengthens 5% against the relevant currency. For a 5% weakening of BD against the relevant currency, there would be an equal and opposite impact.

Currency	Effect on profit or loss 2011 BD	Effect on profit or loss 2010 BD
Euro	46,229	46,937

(c -2) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in equity prices.

The Company is not exposed to significant equity price risk because it does not have financial instruments which are marked to market.

13. FINANCIAL INSTRUMENTS: (CONTINUED)

(c) *Market risk management: (Continued)*

(c -3) Interest rate risk

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

The Company's exposure to interest rate risk is limited to the loan from a related party which carries a fixed interest rate of 6.5% (2010: 6.5%) per annum. The Company is not exposed to significant interest rate risk as the interest rates are fixed.

(d) *Credit risk*

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

The concentration of credit risk is limited to the amounts due from related parties (Note 6). The Company seeks to limit its credit risk for the due from related parties by defining credit limits that are monitored regularly and establishing a settlement period for the amounts due.

The Company's credit risk on its bank balance is limited because the counterparty is a reputable bank with high credit ratings assigned by international rating agencies.

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

(e) *Liquidity risk*

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

Ultimate responsibility for liquidity risk management rests with the management. The liquidity risk is maintained by continuously monitoring forecast and actual cash flows.

13. FINANCIAL INSTRUMENTS: (CONTINUED)

(e) Liquidity risk (Continued)

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Effective Average Interest Rate	1-3 months BD	3 months to 1 year BD	Over 1 year BD	Total BD
2011					
Fixed interest bearing	6.5%	-	-	319,794	319,794
Non interest bearing	-	58,082	711,178	-	769,260
		58,082	711,178	319,794	1,089,054
2010					
Fixed interest bearing	6.5%	-	-	326,928	326,928
Non interest bearing	-	13,150	762,368	-	775,518
		13,150	762,368	326,928	1,102,446

The table below has been drawn up based on the undiscounted contractual maturities of its non-derivative financial assets including interest (if applicable) that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	Less than 1 month BD	1-3 months BD	Total BD
2011			
Non-interest earning	97,367	4,754,904	4,852,271
2010			
Non-interest earning	59,679	4,771,686	4,831,365

13. FINANCIAL INSTRUMENTS: (CONTINUED)

(f) *Fair value of financial instruments*

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. 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 management believes that the fair value of the Company's financial instruments carried at amortised cost approximate their carrying amounts as at the reporting date.

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

14. CAPITAL RISK MANAGEMENT:

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for its Shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company consists of equity comprising issued capital, reserves and retained earnings. The Company is free of external debt at the reporting dates.