Inovest B.S.C.

SHARI'A SUPERVISORY BOARD REPORT, REPORT OF THE BOARD OF DIRECTORS, INDEPENDENT AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2014

Administration and contact details as at 31 December 2014

Commercial registration number	**48848 obtained on 18 June 2002**
Board of Directors	
Samir Yaqoob Al-Nafisi	- Chairman
Farid Soud Al-Fozan	- Vice-chairman
Abdul Rahman Yousif Fakhro	- Director
Mohammed Ebrahim Al-Nughaimish	- Director and CEO
Bashar Naser Al-Tuwaijri	- Director
Bader Khalifa Al Adsani	- Director
Ahmed Abbas	- Director
Abdulnasser Abdulmohsin Alsubaih	- Director
Board Secretary	
Riyadh Mahmood Mulla	
Sharia'a Supervisory Board	
Murad Bou Daia	- Chairman
Khalid Shuja'a Al-Otaibi	- Vice-chairman
Dawoud Salaman Bin Essa	- Member
Executive Committee Members	
Samir Yaqoob Al-Nafisi	- Member
Abdul Rahman Yousif Fakhro	- Member
Bashar Naser Al-Tuwaijri	- Member
Abdulnasser Abdulmohsin Alsubaih	- Member
Audit Committee Members	
Mohammed Ebrahim Al-Nughaimish	- Member
Fareed Soud Al-Fozan	- Member
Bader Khalifa Al Adsani	- Member
Ahmed Abbas	- Member
Nomination and Remuneration Committee Members	
Mohammed Ebrahim Al-Nughaimish	- Member
Abdulnasser Abdulmohsin Alsubaih	- Member
Abdul Rahman Yousif Fakhro	- Member
Risk Committee Members	
Bader Khalifa Al Adsani	- Member
Mohammed Ebrahim Al-Nughaimish	- Member
Fareed Soud Al-Fozan	- Member
Ahmed Abbas	- Member

Administration and contact details as at 31 December 2014

Registered office	20th floor, East Tower Bahrain Financial Harbour PO Box 18334 Manama Kingdom of Bahrain Telephone no. +973 1715 5777
Bankers	Bahrain Islamic Bank B.S.C. Ithmaar Bank B.S.C. Kuwait Finance House (Bahrain) B.S.C. (c) Khaleeji Commercial Bank B.S.C. Al Baraka Islamic Bank B.S.C.
Auditor	Ernst & Young (EY) P.O. Box 140 14th Floor, South Tower Bahrain World Trade Center Manama, Kingdom of Bahrain
Registrars	Fakhro Karvy Computershare W.L.L. Al Zamil Tower, Manama Center P.O. Box 514 Manama Kingdom of Bahrain Kuwait Clearing Company S.A.K. P.O. Box 22077 Safat 13081 State of Kuwait

Sharia Supervisory Board Report on the Activities of Inovest BSC
For the Financial Year Ending on 31 December 2014

In the name of Allah, the Beneficent, the Merciful, Prayers and Peace Upon the Last Apostle and Messenger, Our Prophet Mohammed, His Relatives and Companions.

The Shari'a Supervisory Board "The Board" of INOVEST B.S.C. has reviewed the Company activities and compared them with the issued Fatwas and Rulings during the Financial Year Ending on 31 December 2014 and found them compatible with them.

The Board believes that he has expressed its opinion in respect of the activities carried out by INOVEST and it is the responsibility of the management to ensure the implementation of such decisions.

A representative of the company's management explained and clarified the contents of the Financial Year Ending on 31 December 2014. The report of the Board has been prepared based on the information provided by the company.

The Board is satisfied that the activities and services carried by INOVEST are in compliance with the Glorious Islamic Sharia'a.

Praise be to Allah, Lord of the Worlds. Prayers be upon Prophet Mohammed Peace Be Upon Him, Relatives and Companions.

Shaikh Dr. Khalid Shuja'a Al-Otaibi Shaikh
Chairman

Dr. Murad Bou Daia
Member

Shaikh Dawoud Salaman Bin Essa
Vice Chairman

inovest

انوفست ش.م.ب. مرفأ البحرين المالي، البرج الشرقي، الطابق العشرين، ص.ب. ١٨٣٣٤ · المنامه · مملكة البحرين
هاتف ٧٧٧ ١٥٥ ١٧ ٩٧٣+ · فاكس ٨٨٨ ١٥٥ ١٧ ٩٧٣+ · بريد إلكتروني info@inovest.bh
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CBB regulated

Chairman's Statement
For the year ended, December 2014

In the name of Allah, Most Gracious, Most Merciful

On behalf of myself and the members of the Inovest Board of Directors, I am pleased to present the Group annual report for the financial year ending on the 31 of December 2014.

This year was one of significant awareness towards the company's internal functionality, and towards streamlining it, such that the Board of Directors focused a good deal of attention on resource optimization. It has been the intention that this mandate apply to the performance of the Group as a whole, such that coordinated efforts ultimately feed back into the foundations for future strategic initiatives and action plans, at the Group level that include not only cost management, but also greater revenue maximization.

Company Performance

Throughout 2014, Inovest has been able to fulfill its legal obligations towards an outstanding case; a matter that was handled with a great of corporate finesse and with a keen eye towards the Groups sustainability, such that out ongoing business was not affected, and our dedication to ongoing project development has not faltered in the least.

In tandem and as a case in point, the company took part in a large scale tender set forth by the Kingdom of Bahrain's Ministry of Housing via a strategic alliance between the Group's construction subsidiary, Tamcon, and its Saudi Arabian partner, Naba International Commercial Enterprises. The partnership resulted in the signing of a BD75.56 million contract for the provision of 1560 homes in the Southern Governorate in the Kingdom of Bahrain; a contract that God Willing will see fruition in 2015.

In spite of the buoyancy of such milestone successes this has, as mentioned, been a difficult year. Accordingly, there has been an unquestionably impact on the company's performance, resulting in a net loss of US$ 3.84 million by year end as compared to a loss of US$ 4.94 million at the end of 2013. Principal to this end of year standing, and one of the main reasons for it, was the provision against certain trade receivables and investments in the amount of US$ 4.38 million.

Future Outlook

Undoubtedly, our savvy investor base in well aware of recent regional developments, marked perhaps most significantly by the steep decline in oil prices. This represents quite a challenge for oil-producing nations and particularly those in the GCC for whom oil production represents a major artery into our economic performance. There has accordingly been some speculation on the impact of this price drop on the volume of regional business. However, in our humble opinion, we believe that larger infrastructural projects will not be impacted by this, and will hopefully proceed as scheduled.

In regards to Inovest, we have accounted for possible strains and also planned for potential opportunities. As such, we intend to exit from a number of investments, and to employ the inovest

resulting liquidity in reducing the financial burden across the Group, whilst pursuing new investments as approved by the new Board to improve the Company's streams of revenues.

In closing

On behalf of the members of the Board of Directors, I would like to express my sincere thanks and gratitude to our shareholders, for their support and belief in the company and its executive management. I would also like to extend my appreciation to our strategic investors and partners, who have played a significant role in sustaining the Group' s business throughout the year. Furthermore, our collective thanks go to our staff members whose dedication to their work and sincere efforts cannot go unrecognized. Finally, I would like to thank my fellow board members for their time and considerable efforts dedicated to overcoming the challenges we have faced.

We pray to Almighty Allah to support us in achieving continued success. Amen.

On behalf of the Board of Directors,

Samir Yacoub AlNafisi
Chairman

Building a better working world

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C.R. No. 6700

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INOVEST B.S.C.

Report on the consolidated financial statements

We have audited the accompanying consolidated statement of financial position of Inovest B.S.C. (the "Company") and its subsidiaries (together the "Group"), as of 31 December 2014, and the related consolidated statements of income, cash flows, changes in owners' equity and sources and uses of charity fund for the year then ended. These consolidated financial statements and the Group's undertaking to operate in accordance with Islamic Shari'a Rules and Principles are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2014, the results of its operations, its cash flows, changes in owners' equity and sources and uses of charity fund for the year then ended in accordance with the Financial Accounting Standards issued by AAOIFI.

Building a better working world

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INOVEST B.S.C. (continued)

Report on other regulatory requirements

As required by the Bahrain Commercial Companies Law and the Central Bank of Bahrain ("CBB") Rule Book (Volume 4), we report that:

a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith; and

b) the financial information contained in the Report of the Board of Directors is consistent with the consolidated financial statements.

Except for what has been reported in note 1 to the consolidated financial statements, we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law, the CBB Rule Book (Volume 4 and applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Company's memorandum and articles of association during the year ended 31 December 2014 that might have had a material adverse effect on the business of the Company or on its financial position. Satisfactory explanations and information have been provided to us by management in response to all our requests. The Group has also complied with the Islamic Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Group.

Ernst & Young

Partner's registration no: 115
11 February 2015
Manama, Kingdom of Bahrain

Inovest B.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	*2014 US$ '000*	*2013 US$ '000*
ASSETS			
Cash and cash equivalents	5	**8,515**	17,177
Trade and other receivables	6	**62,857**	61,002
Investments	7	**23,055**	23,430
Investment in a joint venture and associates	8	**94,531**	98,245
Investments in real estate	9	**65,773**	81,114
Properties under development		**5,585**	5,066
Property, plant and equipment	10	**7,807**	7,075
TOTAL ASSETS		**268,123**	293,109
LIABILITIES AND OWNERS' EQUITY			
Liabilities			
Trade and other payables	11	**69,693**	86,867
Ijara and murabaha financing	12	**35,983**	39,957
Total liabilities		**105,676**	126,824
Owners' Equity			
Share capital	13	**114,604**	114,604
Less: Treasury shares	13	**(651)**	(651)
		113,953	113,953
Share premium	14	**30,760**	30,760
Reserves	14	**21,515**	21,508
(Accumulated losses) / retained earnings		**(3,781)**	64
Total owners' equity		**162,447**	166,285
TOTAL LIABILITIES AND OWNERS' EQUITY		**268,123**	293,109

Samir Yaqoub Al-Nafisi
Chairman

Mohammed Ebraheem Alnughaimish
Board Member and CEO

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2014

	Note	2014 US$ '000	2013 US$ '000
OPERATING INCOME			
Income from investment in real estate	15	**5,507**	5,657
Income from investments	16	**230**	573
Income from advisory services	17	**904**	4,010
Net income from construction contracts	18	**2,243**	764
Net share of profit / (loss) from investment in a joint venture and associates	8	**832**	(901)
Other income	19	**3,538**	1,904
TOTAL OPERATING INCOME		**13,254**	12,007
OPERATING EXPENSES			
Staff costs	20	**5,680**	4,585
General and administrative expenses	21	**3,205**	3,093
Ijara and Murabaha financing costs		**3,000**	3,471
Property related expenses		**178**	134
Depreciation	10	**652**	738
TOTAL OPERATING EXPENSES		**12,715**	12,021
NET OPERATING PROFIT / (LOSS)		**539**	(14)
Provision - net	22	**(4,384)**	(4,929)
LOSS FOR THE YEAR		**(3,845)**	(4,943)
BASIC AND DILUTED EARNINGS PER SHARE (US cents)	23	**(1.35)**	(1.74)

Samir Yaqoub Al-Nafisi
Chairman

Mohammed Ebraheem Alnughaimish
Board Member and CEO

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the year ended 31 December 2014

				Reserves			
	Share capital	*Treasury shares*	*Share premium*	*Statutory reserve*	*Share option reserve*	*(Accumulated) losses) / retained earnings*	*Total owners' equity*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Balance at 1 January 2014	114,604	(651)	30,760	21,473	35	64	166,285
Net loss for the year	-	-	-	-	-	(3,845)	(3,845)
Share option charge (net)	-	-	-	-	7	-	7
Balance at 31 December 2014	**114,604**	**(651)**	**30,760**	**21,473**	**42**	**(3,781)**	**162,447**
Balance at 1 January 2013	114,604	(651)	30,760	21,473	28	5,007	171,221
Net loss for the year	-	-	-	-	-	(4,943)	(4,943)
Share option charge (net)	-	-	-	-	7	-	7
Balance at 31 December 2013	114,604	(651)	30,760	21,473	35	64	166,285

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF SOURCES AND USES OF CHARITY

For the year ended 31 December 2014

	2014 US$ '000	2013 US$ '000
Sources of charity funds		
Undistributed charity funds at the beginning of the year	**629**	642
Contributions by the Company	**-**	-
Total sources of charity funds during the year	**629**	642
Uses of charity funds		
Contributions for charitable purposes	**3**	13
Total uses of funds during the year	**3**	13
Undistributed charity funds at 31 December	**626**	629

The attached notes 1 to 30 form part of these consolidated financial statements.

Inovest B.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	*2014 US$ '000*	*2013 US$ '000*
OPERATING ACTIVITIES			
Net loss for the year		**(3,845)**	(4,943)
Adjustments for:			
Depreciation	10	**948**	977
Charge on share option plan		**7**	7
Net provision charge (write back) for impaired receivables	6	**3,897**	(102)
Provision for case compensation	22	**-**	3,288
Net share of (profit) / loss from investment in a joint venture and associates	8	**(832)**	901
Realised gain (loss) on sale of investment in real estate		**(1,613)**	1,043
Unrealised fair value loss on investment in real estate	9	**-**	171
Net impairment loss on investments	7	**237**	1,743
		(1,201)	3,085
Net changes in operating assets and liabilities:			
Trade and other receivables		**(5,752)**	3,715
Trade and other payables		**(17,174)**	4,081
Net cash (used in) from operating activities		**(24,127)**	10,881
INVESTING ACTIVITIES			
Net movement in Murabaha financing		**-**	3,760
Purchase of investments	7	**-**	(2,500)
Proceeds from sale of investment		**138**	-
Purchase of investment in real estate		**-**	(268)
Proceeds from sale of investment in real estate - net		**16,954**	6,522
Additions to properties under development		**(519)**	(3,273)
Purchase of investment in a joint venture and associates	8	**-**	(16,627)
Proceeds from capital redemption from investment in a joint venture and associates	8	**567**	11,832
Dividends received from a joint venture and associates	8	**3,979**	398
Purchase of property, plant and equipment	10	**(1,683)**	(370)
Proceeds from sale of property, plant and equipment		**3**	24
Net cash from (used in) investing activities		**19,439**	(502)
FINANCING ACTIVITY			
Net movement in Murabaha financing	12	**(3,974)**	689
Net cash (used in) from financing activity		**(3,974)**	689
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(8,662)**	11,068
Cash and cash equivalents at the beginning of the year		**17,177**	6,109
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	**8,515**	17,177
Non cash transactions comprise:			
Transfer of investment in real estate to properties under development	9	-	1,793
Transfer of investments to investments in a joint venture and associates	8	-	3,938
Settlement of trade receivables through acquisition of investment in real estate	15	-	3,331
Settlement of related party payables by transfer of investment in real estate		-	2,554
		-	11,616

The attached notes 1 to 30 form part of these consolidated financial statements.

1 CORPORATE INFORMATION AND ACTIVITIES

a) Incorporation

Inovest B.S.C. (the "Company") is a public shareholding company incorporated in the Kingdom of Bahrain on 18 June 2002 and operates under Commercial Registration (CR) number 48848. The Company commenced operations on 1 October 2002. Under the terms of its Memorandum and Articles of Association, the duration of the Company is 50 years, renewable for further similar periods unless terminated earlier by law or as stated in the Memorandum and Articles of Association. The address of the Company's registered office is 20th floor, East Tower, Bahrain Financial Harbour, Manama, Kingdom of Bahrain.

The Company is listed on the Bahrain Bourse and cross-listed on the Kuwait Stock Exchange.

The Company operates under an Investment Business Firm License – Category 1 (Islamic Principles) issued by the Central Bank of Bahrain ("CBB"), to operate under the Islamic Shari'a principles, and is supervised and regulated by the CBB.

b) Activities

The principal activities of the Company together with its subsidiaries (the "Group") include:

- Engaging directly in all types of investments, including direct investment and securities, and various types of investment funds;
- Establishing and managing various investment funds;
- Dealing in financial instruments in the local, regional and international markets;
- Providing information and studies related to different types of investments for others;
- Providing financial services and investment consultations to others;
- Establishing joint ventures with real estate, industrial and services companies inside or outside the Kingdom of Bahrain and committing to operate under the Islamic Shari'a principles;
- Engaging in contracting activities;
- Engaging in the management of commercial and industrial centers and residential buildings, property leasing, development and their maintenance; and
- Having interest in or participating in any way with companies and other entities engaged in similar activities that may work and co-operate to achieve the Group's objectives inside and outside the Kingdom of Bahrain, and also merge its activities with the above mentioned entities and/or buy or join with them.

Although the Company has an Investment Business Firm License – Category 1 (Islamic Principles) issued by the CBB in September 2008, it continues to hold real estate assets and related revenues and costs in its consolidated financial statements. These assets existed prior to obtaining the license from the CBB. The Company has transferred its entire real estate assets and the related revenues and costs to its fully owned subsidiary, Al Khaleej Development Co. B.S.C.(c), which primarily carries out real estate and construction related activities. Since Al Khaleej Development Co. B.S.C.(c) is fully owned by the Company, the real estate assets and revenues and costs continue to appear in the consolidated financial statements of the Group for the year ended 31 December 2014. Notes 9, 12, 15 and 18 in these consolidated financial statements reflect the Group's transactions arising from holding of real estate assets and their corresponding liabilities and revenues and costs arising therefrom.

The number of staff employed by the Group as at 31 December 2014 was 670 (31 December 2013: 527).

The consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Board of Directors dated 11 February 2015.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), the Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Group, the Bahrain Commercial Companies Law, the CBB, Financial Institutions Law, the CBB Rule Book (Volume 4 and applicable provisions of Volume 6), CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse and the terms of the Company's memorandum and articles of association. In accordance with the requirements of AAOIFI, for matters for which no AAOIFI standard exists, the Group uses the relevant International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB").

2.2 Accounting convention

The consolidated financial statements have been prepared on a historical cost basis, except for investment in a joint venture and associates which are equity accounted, equity-type instruments at fair value through equity and investment in real estate that have been measured at fair value. The consolidated financial statements are presented in United States Dollars ("US Dollars") being the reporting currency of the Group. All values are rounded to the nearest US Dollar thousands unless otherwise indicated.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at and for the year ended 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses are eliminated in full on consolidation.

Subsidiary is fully consolidated from the date control is transferred to the Company and continue to be consolidated until the date that control ceases. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Non-controlling interest in a subsidiary's net assets is reported as a separate item in the Group's owners' equity. In the consolidated statement of income, non-controlling interest is included in net profit, and shown separately from that of the shareholders.

Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in owners' equity since the date of combination. Losses applicable to the non-controlling interest in excess of the non-controlling interest in a subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

Transactions with non-controlling interests are handled in the same way as transactions with external parties. Sale of participations to non-controlling interests result in a gain or loss that is recognised in the consolidated statement of income. Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction.

2 BASIS OF PREPARATION (continued)

2.3 Basis of consolidation (continued)

The following are the principal subsidiaries of the Company, which are consolidated in these consolidated financial statements:

Name of the subsidiary	*Ownership 2014 and 2013*	*Country of incorporation*	*Year of incorporation*	*Activity*
Held directly by the Company				
Al Khaleej Development Co. B.S.C. (c)	99.98%	Kingdom of Bahrain	2009	Purchase, sale, management and development of properties
Tameer for Private Management W.L.L.	99.00%	Kingdom of Bahrain	2004	Holds the Group's shares on behalf of its employees in respect of the employees' share option plan

The following are the subsidiaries held indirectly through Al Khaleej Development Co. B.S.C. (c):

Held indirectly by the Company				
Bahrain Investment Wharf B.S.C. (c)	99.00%	Kingdom of Bahrain	2006	Development, maintenance, leasing and management of commercial and industrial centers, residential buildings and property
Circo Total Facility Management Co. W.L.L.	99.00%	Kingdom of Bahrain	2005	Management and maintenance of properties
Tamcon Contracting Co. B.S.C. (c)	99.00%	Kingdom of Bahrain	2007	Contracting activities

The consolidated financial statements of the subsidiaries have been consolidated as though the Company owns 100% of these subsidiaries, as the other shareholders hold their shares on behalf of and for the beneficial interest of the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year.

a. Cash and cash equivalents

Cash and cash equivalents as referred to in the consolidated statement of cash flows comprise cash in hand, bank balances and short term Murabaha deposits with an original maturity of three months or less.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Murabaha financing

Murabaha consists of sale transaction agreements (Murabaha) and commodity agreements stated at net of deferred profit and provision for impairment. These are amounts placed with financial institutions with maturity between 91 and 360 days. The contracts are stated at fair value of consideration given less impairment. The Group considers the promise made in Murabaha to the purchase orderer as obligatory.

c. Trade and other receivables

Trade receivables are carried at their anticipated values. An estimate is made for impaired trade receivables based on a review of all outstanding amounts at the year end.

d. Investments

Investments comprise equity-type instruments at fair value through equity, investment in real estate, properties under development and investment in a joint venture and associates.

Equity-type instruments at fair value through equity

This includes all equity-type instruments that are not fair valued through consolidated statement of income. Subsequent to acquisition, investments designated at fair value through equity are re-measured at fair value with unrealised gains or losses recognised in owners' equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in owners' equity is recognised in consolidated statement of income.

Investment in real estate

Properties held for rental, or for capital appreciation purposes, or both, are classified as investment in real estate. Investments in real estate are initially recorded at cost, being the fair value of the consideration given and acquisition charges associated with the property. Subsequent to initial recognition, investment in real estate are re-measured at fair value and changes in fair value (only gains) are recognised through the consolidated statement of owners' equity.

Losses arising from changes in the fair values of investment in real estate are recognised in the consolidated statement of income. When the property is disposed of, the gains or losses arising on disposal is taken to the consolidated statement of income.

Properties under development

Properties under development represent properties held for sale in the ordinary course of business or in the process of construction and development for its future sale. Properties under development include expenditure incurred in the normal course of developing and constructing the property and are stated at lower of cost or fair value less cost to sell.

Properties under development are derecognised when they have either been disposed off, or when the property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on derecognition of a property under development are recognised in the consolidated statement of income in the year of derecognition.

Investment in associates and a joint venture

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Investments (continued)

Investment in associates and a joint venture (continued)
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Under the equity method, investment in associates and a joint venture are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associates and joint venture. The consolidated statement of income reflects the Group's share of the results of operations of the associates and joint venture. Where there has been a change recognised directly in the equity of the associates and joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in owners' equity. Unrealised gains and losses resulting from transactions between the Group and the associates and joint venture are eliminated to the extent of the interest in the associates and joint venture.

The reporting dates of associates and joint venture and the Group are identical and the associates' and joint venture's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on the Group's investment in associates and joint venture. The Group determines at each reporting date whether there is any objective evidence that investment in associates or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount of associates and joint venture and its carrying value and recognises the impairment in the consolidated statement of income.

e. Fair values

Fair value is the value representing the estimate of the amount of cash or cash equivalent that would be received for an asset sold or the amount of cash or cash equivalent paid for a liability extinguished or transferred in an orderly transaction between a willing buyer and a willing seller at the measurement date.

Fair value is determined for each financial asset individually in accordance with the valuation policies set out below:

(i) For investments that are traded in organised financial markets, fair value is determined by reference to the quoted market bid prices prevailing on the consolidated statement of financial position date.

(ii) For unquoted investments, fair value is determined by reference to recent significant buy or sell transactions with third parties that are either completed or are in progress. Where no recent significant transactions have been completed or are in progress, fair value is determined by reference to the current market value of similar investments. For others, the fair value is based on the net present value of estimated future cash flows, or other relevant valuation methods.

(iii) For investments that have fixed or determinable cash flows, fair value is based on the net present value of estimated future cash flows determined by the Group using current profit rates for investments with similar terms and risk characteristics.

(iv) Investments which cannot be remeasured to fair value using any of the above techniques are carried at cost, less provision for impairment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation on premises and equipment is provided on a straight-line basis over the following estimated useful lives:

Building on leasehold land	25 years
Machinery, equipment, furniture and fixtures	3-5 years
Computer hardware and software	3 years
Motor vehicles	3 years

g. Trade and other payables

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

h. Ijara and murabaha financing

Ijara and murabaha financing are recognised initially at the proceeds received, net of transaction cost incurred. Subsequently, these are carried at amortised cost.

i. Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from the equity of the parent and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue or cancellation of the Group's own equity instruments is recognised directly in the equity of the parent. No gain or loss is recognised in consolidated statement of income on the purchase, sale, issue or cancellation of own equity instruments.

j. Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

k. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and the costs to settle the obligation are both probable and reliably measurable. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

l. Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective profit rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment for financial assets.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

n. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Income from properties

Rental income arising from operating leases on investment in real estate is accounted for on a straight-line basis over the lease terms and is included under revenue in the consolidated statement of income due to its operating nature.

(ii) Income from advisory services

Income from advisory services and project management fees are recognised based on the stage of completion of the service at the consolidated statement of financial position date by reference to the contractual terms agreed between the parties.

(iii) Income from investments

Income from investments is recognised when earned.

(iv) Income from construction contracts

Contract income is recognised under the percentage of completion method.

When the outcome of a construction contract can be estimated reliably, contract revenue is recognised by reference to the stage of physical completion of the contract. Contract income and costs are recognised as income and expenses in the consolidated statement of income in the accounting year in which the work is performed. The contract income is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of income, expenses and profit which can be attributed to the proportion of work completed. Profits expected to be realised on construction contracts are based on estimates of total income and cost at completion.

When the outcome of a construction contract cannot be estimated reliably, the contract income is recognised to the extent of contract costs incurred up to the year end where it is probable those costs will be recoverable. Contract costs are recognised when incurred. The excess of progress billings over contract costs is classified under trade and other payables as due to customers for construction contracts.

Losses on contracts are assessed on an individual contract basis and if estimates of cost to complete the construction contracts indicate losses, provision is made for the full losses anticipated in the period in which they are first identified.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end. Where the sum of the costs incurred and recognised profit or loss exceeds the progress billings, the balance is shown under trade and other receivables as due from customers for construction contracts. Where the progress billings exceed the sum of costs incurred and recognised profit or loss, the balance is shown under trade and other payables as due to customers for construction contracts.

o. Shari'a supervisory board

The Group's business activities are subject to the supervision of a Shari'a supervisory board consisting of three members appointed by the general assembly.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Earnings prohibited by Shari'a

The Group is committed to avoid recognising any income generated from non-Islamic sources. Accordingly, all non-Islamic income is credited to a charity account where the Group uses these funds for various social welfare activities.

q. Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing on the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated into United States Dollars at functional currency rates of exchange prevailing at the statement of financial position date. Any gains or losses are recognised in the consolidated statement of income.

r. Employees' end of service benefits

Bahraini employees are covered by the Social Insurance Organisation scheme which comprises a defined contribution scheme to which the Group contributes a monthly sum based on a fixed percentage of the salary. The contribution is recognised as an expense in the consolidated statement of income.

The Group provides end of service benefits to its non-Bahraini employees. Entitlement to these benefits is usually based upon the employees' length of service and the completion of a minimum service period. The expected costs of these benefits which comprise a defined benefit scheme are accrued over the period of employment based on the notional amount payable if all employees had left at the statement of financial position date.

s. Impairment of financial assets

An assessment is made at each financial position date to determine whether there is objective evidence that a specific financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the assessment by the Group of the estimated cash equivalent value, is recognised in the consolidated statement of income. Specific provisions are created to reduce all impaired financial contracts to their realisable cash equivalent value. Financial assets are written off only in circumstances where effectively all possible means of recovery have been exhausted.

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 value was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the consolidated statement of income.

In the case of equity-type instruments at fair value through equity, impairment is reflected directly as write down of the financial asset. Impairment losses on equity-type instruments at fair value through equity are not reversed through the consolidated statement of income, while any subsequent increase in their fair value are recognised directly in owners' equity.

t. Events after the statement of financial position date

The consolidated financial statements are adjusted to reflect events that occurred between the statement of financial position date and the date the consolidated financial statements are authorised for issue, provided they give evidence of conditions that existed as of the statement of financial position date. Events that are indicative of conditions that arose after the statement of financial position date are disclosed, but do not result in an adjustment to the consolidated financial statements.

u. Zakah

Individual shareholders are responsible for payment of Zakah.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification of investments
Management decides on acquisition of an investment, whether it should be classified as equity-type instrument at fair value through the consolidated statement of income, equity-type instruments at fair value through equity or debt-type instrument at amortised cost.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Going concern
The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Fair valuation of investments
The determination of fair values of unquoted investments requires management to make estimates and assumptions that may affect the reported amount of assets at the date of consolidated financial statements.

Nonetheless, the actual amount that is realised in a future transaction may differ from the current estimate of fair value and may still be outside management estimates, given the inherent uncertainty surrounding valuation of unquoted investments.

Special purpose entities
The Group sponsors the formation of special purpose entities ("SPE") primarily for the purpose of allowing clients to hold investments. The Group provides corporate administration, investment management and advisory services to these SPEs, which involve the Group making decisions on behalf of such entities. The Group administers and manages these entities on behalf of its clients, who are by and large third parties and are the economic beneficiaries of the underlying investments. The Group does not consolidate SPEs that it does not have the power to control. In determining whether the Group has the power to control an SPE, judgments are made about the objectives of the SPE's activities, its exposure to the risks and rewards, as well as about the Group intention and ability to make operational decisions for the SPE and whether the Group derives benefits from such decisions.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Impairment and uncollectibility of financial assets
An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the assessment by the Group of the value to it of anticipated future cash flows, is recognised in the consolidated statement of income. Specific provisions are created to reduce all impaired financial contracts to their realisable cash equivalent value.

Liquidity
The Group manages its liquidity through consideration of the maturity profile of its assets and liabilities which is set out in the liquidity risk disclosures in note 28 to the consolidated financial statements. This requires judgement when determining the maturity of assets and liabilities with no specific maturities.

5 CASH AND CASH EQUIVALENTS

	2014 *US$ '000*	*2013* *US$ '000*
Short-term commodity murabahas	**2,122**	8,592
Current account balances with banks	**6,374**	8,570
Cash in hand	**19**	15
	8,515	17,177

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

6 TRADE AND OTHER RECEIVABLES

	2014 *US$ '000*	*2013* *US$ '000*
Trade receivables	**30,649**	26,779
Amounts due from related parties (note 24)	**33,857**	36,134
Prepayments and other receivables	**6,479**	2,461
Rent receivable	**393**	396
Murabaha financing	**67**	-
Advance to contractors and suppliers	**609**	532
	72,054	66,302
Less: provision for impaired receivables	**(9,197)**	(5,300)
	62,857	61,002

Amounts due from related parties are unsecured, bear no profit and have no fixed repayment terms.

The trade receivables stated at a carrying amount of US$ 13.26 million (2013: US$ 15.13 million) are secured as collateral against the Ijara and Murabaha financing facilities obtained (note 12).

The movement in the Group's provision for impaired receivables is as follows:

	2014 *US$ '000*	*2013* *US$ '000*
At 1 January	**5,300**	5,402
Charge during the year (note 22)	**4,147**	1,888
Write back during the year (note 22)	-	(1,990)
Write off during the year	**(250)**	-
At 31 December	**9,197**	5,300

7 INVESTMENTS

	2014 US$ '000	2013 US$ '000
Equity-type instruments at fair value through equity - Unquoted		
Real estate related	**23,539**	24,039
Others	**6,892**	6,892
	30,431	30,931
Less: Provision for impairment	**(7,376)**	(7,501)
At 31 December	**23,055**	23,430

Equity-type investments at fair value through equity include investments in unlisted companies whose shares are not traded on active markets. The investments are primarily in closely-held companies located in the Gulf Co-operation Council ("GCC"). The investments are held at cost less provision for impairment due to the unpredictable nature of their future cash flows and the lack of other suitable methods for accruing at a reliable fair value.

The investments stated at a carrying amount of US$ 5.31 million (2013: US$ 5.31 million) are secured as collateral against the Ijara and Murabaha facilities obtained (note 12).

The movement in provision for impairment on investments is as follows:

	2014 US$ '000	2013 US$ '000
At 1 January	**7,501**	5,758
Charge during the year	**375**	1,998
Recovery during the year	**(138)**	(255)
Write off during the year	**(362)**	-
At 31 December	**7,376**	7,501

8 INVESTMENT IN A JOINT VENTURE AND ASSOCIATES

	2014 US$ '000	2013 US$ '000
At 1 January	**98,245**	90,811
Purchases during the year	**-**	16,627
Disposals during the year	**(567)**	(11,832)
Transfer from investments	**-**	3,938
Dividends received during the year	**(3,979)**	(398)
Net share of profit / (loss)	**832**	(901)
At 31 December	**94,531**	98,245

The Group has an investment in the following joint venture:

Name	*Principal activities*	*Ownership* 2014	*Ownership* 2013
Tala Property Development W.L.L.	Property management, development and maintenance and purchase and sale of properties	**60.00%**	60.00%

8 INVESTMENT IN A JOINT VENTURE AND ASSOCIATES (continued)

Name	*Country of incorporation*	*Carrying value*	
		2014	*2013*
		US$ '000	*US$ '000*
Tala Property Development W.L.L.	*Kingdom of Bahrain*	**7,081**	10,579

Summarised financial information of joint venture
Summarised financial information of the joint venture based on the management accounts, are presented below:

	2014	*2013*
	US$ '000	*US$ '000*
Total assets	**18,085**	24,347
Total liabilities	**6,283**	6,715
Total revenues	**1,795**	1,841
Total net profit	**542**	699

The joint venture had no contingent liabilities or capital commitments as at 31 December 2014 and 2013.

The principal associates of the Group are:

Name of associate	***Principal activities***	***Ownership***	
		2014	*2013*
Aseel Real Estate Company	*Purchase, sale, development and management of private properties*	**23.40%**	23.40%
Durrat Marina Investment Company Ltd.	*Development and sale of commercial and residential properties*	**25.78%**	25.78%
BIW Labour Accommodation W.L.L.	*Development and maintenance of labour camps*	**27.08%**	27.08%
Madaen Al Luzi Company Ltd.	*Development and sale of residential properties*	**29.28%**	29.28%
Takhzeen Warehousing and Storage Company B.S.C. (c)	*Management and maintenance of warehouses*	**35.52%**	34.33%
Boyot Al Mohandseen Contracting Company (*Former Al Dhahran Views Project*)	*Development of real estate in Dhahran, Kingdom of Saudi Arabia*	**23.17%**	23.17%
Dannat Resort Development Company Ltd	*Development of real estate in Al Khobar, Kingdom of Saudi Arabia*	**49.66%**	49.66%

8 INVESTMENT IN A JOINT VENTURE AND ASSOCIATES (continued)

Name of associate	*Country of incorporation*	*Carrying Value*	
		2014	*2013*
		US$ '000	*US$ '000*
Aseel Real Estate Company	Cayman Islands	**820**	822
Durrat Marina Investment Company Ltd.	Cayman Islands	**33,020**	32,913
BIW Labour Accommodation W.L.L.	Kingdom of Bahrain	**12,154**	12,012
Madaen Al Luzi Company Ltd.	Cayman Islands	**5,580**	5,634
Takhzeen Warehousing and Storage Company B.S.C. (c)	Kingdom of Bahrain	**4,406**	4,212
Boyot Al Mohandseen Contracting Company (*Former Al Dhahran Views Project*)	Kingdom of Saudi Arabia	**3,599**	3,599
Dannat Resort Development Company Ltd.	Cayman Islands	**27,871**	28,474
		87,450	87,666

Summarised financial information of associates, based on the management accounts, are presented below:

	2014	*2013*
	US$ '000	*US$ '000*
Summarised financial information of associates		
Total assets	**317,896**	323,861
Total liabilities	**38,100**	44,906
Total revenues	**4,511**	1,087
Total net profit / (loss)	**1,188**	(2,763)

The associates had no contingent liabilities or capital commitments as at 31 December 2014 and 2013.

9 INVESTMENTS IN REAL ESTATE

	2014	*2013*
	US$ '000	*US$ '000*
At 1 January	**81,114**	89,598
Purchases during the year	**-**	3,599
Disposals during the year	**(15,341)**	(10,119)
Transferred to properties under development	**-**	(1,793)
Unrealised fair value loss on investment in real estate	**-**	(171)
At 31 December	**65,773**	81,114

Investments in real estate are stated at fair value which has been determined based on valuations performed by accredited independent property valuers. The valuations undertaken were based on open market values, which represent the prices at which the properties could be exchanged between knowledgeable willing buyers and knowledgeable willing sellers in an arm's length transaction.

Investments in real estate based on valuations performed by external property valuers amounted to US$ 74,92 million. However, based on the illiquid nature of the real estate market and slowdown within the economic environment, the management believes the current carrying value of investments in real estate amounting to US$ 65.77 million approximates its fair value.

Investments in real estate stated at a carrying amount of US$ 38.85 million (2013: US$ 40.09 million) are secured as collateral against the Ijara and Murabaha facilities obtained (note 12).

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings on leasehold land US$ '000	*Machinery, equipment furniture and fixtures US$ '000*	*Computer hardware and software US$ '000*	*Motor vehicles US$ '000*	*Capital work-in-progress US$ '000*	*Total US$ '000*
Cost						
At 1 January 2014	4,284	4,627	1,289	1,281	2,179	13,660
Additions	-	406	73	178	1,026	1,683
Disposals	-	-	-	(6)	-	(6)
At 31 December 2014	**4,284**	**5,033**	**1,362**	**1,453**	**3,205**	**15,337**
Accumulated depreciation						
At 1 January 2014	554	3,897	1,201	933	-	6,585
Charge	173	519	59	197	-	948
Disposals	-	-	-	(3)	-	(3)
At 31 December 2014	**727**	**4,416**	**1,260**	**1,127**	-	**7,530**
Net book amount:						
At 31 December 2014	**3,557**	**617**	**102**	**326**	**3,205**	**7,807**
At 31 December 2013	3,730	730	88	348	2,179	7,075

Depreciation on property, plant and equipment charged to the consolidated statement of income is as follows:

	2014 ***US$ '000***	*2013* *US$ '000*
Depreciation charged to contract costs (note 18)	**296**	239
Depreciation charged to expenses	**652**	738
	948	977

11 TRADE AND OTHER PAYABLES

	2014 ***US$ '000***	*2013* *US$ '000*
Lease rent payables (note 11.1)	**50,105**	50,105
Accruals and other payables	**12,635**	18,415
Case compensation	-	10,870
Trade payables (note 11.2)	**5,381**	4,597
Amounts due to related parties (note 11.3)	**213**	1,612
Retentions payable	**1,359**	1,268
	69,693	86,867

Note 11.1
The Group entered into a long term lease contract with the Ministry of Industry and Commerce ("MOIC") in December 2005, effective from May 2006, for a period of 50 years.

In accordance with the terms of the agreement with the MOIC, from the date of signing the agreement, no lease rent is payable for the first two years of the lease period, from 2006 to 2007. Lease rent payable, for the lease period (from 2008-2025), has been set-off against the expenditure incurred by the Group on the reclamation of the leasehold land. Thereafter, the Group is required to pay lease rental over thirty years (from 2026 to 2056).

Note 11.2
Trade payables are generally payable within 60 to 90 days of the suppliers' invoice date.

Note 11.3
Amounts due to related parties are unsecured, bear no profit, have no fixed repayment terms and are authorised by the Group's management.

12 IJARA AND MURABAHA FINANCING

	2014 US$ '000	2013 US$ '000
Ijara payable	**803**	2,947
Murabaha payable	**35,180**	37,010
Total Ijara and Murabaha financing	**35,983**	39,957

The Group has obtained Ijara and Murabaha financing to fund the acquisition of investments, purchase of properties and to meet working capital requirements. These liabilities bear market rates of profit and are repayable in accordance with the repayment terms agreed with respective banks.

13 SHARE CAPITAL

	2014 US$ '000	2013 US$ '000
Authorised		
375,000,000 (31 December 2013: 375,000,000) ordinary shares of US$0.40 each	**150,000**	150,000
Issued and fully paid-up		
Opening balance		
286,511,225 (31 December 2013: 286,511,225) ordinary shares of US$0.40 each	**114,604**	114,604
Treasury shares		
Less: 1,627,825 (31 December 2013: 1,627,825) treasury shares of US$0.40 each	**(651)**	(651)
Closing balance		
284,883,400 (31 December 2013: 284,883,400) ordinary shares of US$ 0.40 each	**113,953**	113,953

Treasury shares represent shares issued to Tameer for Private Management W.L.L., a subsidiary of the Company, for the employees' share option plan.

Additional information on shareholding pattern
Names and nationalities of the major shareholders and the number of shares they hold, without considering the treasury shares, are disclosed below (where their shareholding amounts to more than 5% or more of outstanding shares):

At 31 December 2014

Name	*Incorporation*	*Number of shares*	*% holding*
KFH Capital Investment Company	Kuwait	27,025,491	**9.43%**
Dubai Islamic Bank	United Arab Emirates	19,748,883	**6.89%**
Baitk Investment Company	Kuwait	19,036,298	**6.64%**
Others	Various	220,700,553	**77.03%**
		286,511,225	**100%**

13 SHARE CAPITAL (continued)

Additional information on shareholding pattern (continued)

At 31 December 2013

Name	*Incorporation*	*Number of shares*	*% holding*
Al-Muthana Investment Company	Kuwait	47,448,384	16.56%
Dubai Islamic Bank	United Arab Emirates	19,748,883	6.89%
Al-Watani Investment Company	Kuwait	16,060,251	5.61%
Others	Various	203,253,707	70.94%
		286,511,225	100%

The Company has only one class of equity shares and the holders of these shares have equal voting rights. Further, all the shares issued are fully paid.

Distribution schedule of shares, setting out the number and percentage of holders is disclosed below:

At 31 December 2014

Categories:	***No. of shares***	***No. of shareholders***	***% of total outstanding shares***
Less than 1%	105,555,476	791	**36.84%**
1% up to less than 5%	134,181,375	21	**46.83%**
5% up to less than 10%	46,774,374	2	**16.33%**
	286,511,225	814	**100%**

At 31 December 2013

Categories:	*No. of shares*	*No. of shareholders*	*% of total outstanding shares*
Less than 1%	127,961,403	948	44.66%
1% up to less than 5%	75,292,304	14	26.28%
5% up to less than 10%	35,809,134	2	12.50%
10% up to less than 50%	47,448,384	1	16.56%
	286,511,225	965	100%

At 31 December 2014, the Board of Directors collectively hold 0.61% of the shares of the total issued and fully paid-up share capital of the Company (31 December 2013: 2.52%).

Details of shares owned by the directors of the Group are as follows:

31 December 2014	***Number of shares*** ***2014***
Fareed Soud Al-Fozan	**962,650**
Samir Yaqoob Al-Nafisi	**474,723**
Bader Khalifa Al Adsani	**100,000**
Mohammed Ebrahim Al-Nughaimish	**78,050**
Bashar Naser Al-Tuwaijri	**78,050**
Abdulrahman Yousif Fakhro	**49,530**
	1,743,003

13 SHARE CAPITAL (continued)

Additional information on shareholding pattern (continued)

31 December 2013	*Number of shares* *2013*
Dr. Mohammed Abdulla Fahad Al-Madi	5,045,104
Fareed Soud Al-Fozan	962,650
Samir Yaqoob Al-Nafisi	474,723
Jamal Abdul Rahman Al-Rowaiyeh	230,238
Ahmed Rashed Al-Qattan	200,511
Talal Khalid Al-Nesef	94,160
Mohammed Ebrahim Al-Nughaimish	78,050
Bashar Naser Al-Tuwaijri	78,050
Abdulrahman Yousif Fakhro	49,530
	7,213,016

14 RESERVES

a. Statutory reserve

In accordance with the Bahrain Commercial Companies Law and the Company's articles of association, 10% of the net profit for the year is required to be transferred to a statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve equals 50% of paid up share capital. The reserve is not available for distribution, except in circumstances as stipulated in the Bahrain Commercial Companies Law and following the approval of the Central Bank of Bahrain. As the Group has reported net losses during the years ended 31 December 2014 and 31 December 2013, no transfer was made to the statutory reserve.

b. Share option reserve

This represents the difference between the grant price and fair value of the Company's share options issued to the Group's employees in accordance with the Employee Share Option Plan ("ESOP") Scheme.

c. Treasury shares

This represents weighted average cost of own shares held in treasury and under the employee incentive scheme.

d. Share premium

Amounts collected in excess of the par value of the issued share capital during any new issue of shares, net of issue costs, are treated as share premium. This amount is not available for distribution, but can be utilised as stipulated in the Bahrain Commercial Companies Law.

15 INCOME FROM INVESTMENT IN REAL ESTATE

	2014 ***US$ '000***	*2013* *US$ '000*
Reversal of excess accruals (note 15.1)	**2,653**	6,012
Realised gains on sale of investment in real estate	**1,613**	431
Property related facilities income	**725**	455
Rental income	**516**	404
Unrealised fair value losses on investment in real estate	-	(171)
Loss recognised on settlement of receivables (note 15.2)	-	(1,474)
	5,507	5,657

15 INCOME FROM INVESTMENT IN REAL ESTATE (continued)

Note 15.1

During the year, the Group reversed excess accruals amounting to US$ 2.6 million relating to completed and sold projects. A detailed exercise was undertaken by the Group to assess the likelihood of payments against these accruals. It was concluded that as the projects are completed and sold and no further work is required on these projects, the accruals are no longer required.

Note 15.2

During the year 2013, an investor who purchased 5 plots of land in prior years, agreed to settle his outstanding balance by returning 3 plots of land. This resulted in reduction of trade receivables by US$ 5 million, loss on settlement of US$ 1.5 million and recovery of provision amounting to US$ 2 million against the receivable balance.

16 INCOME FROM INVESTMENTS

	2014 *US$ '000*	*2013* *US$ '000*
Dividend income	**230**	528
Gain	**-**	45
	230	573

17 INCOME FROM ADVISORY SERVICES

Income from advisory fees mainly represent fees earned by the Group with respect to project structuring for related parties.

18 NET INCOME FROM CONSTRUCTION CONTRACTS

	2014 *US$ '000*	*2013* *US$ '000*
Contract income	**14,007**	11,314
Contract costs	**(11,764)**	(10,550)
	2,243	764

The contract costs include depreciation amounting to US$ 296 thousand (2013: US$ 239 thousand) (note 10).

19 OTHER INCOME

	2014 *US$ '000*	*2013* *US$ '000*
Electricity and water services	**1,876**	1,279
Discount on settlement (note 19.1)	**1,427**	-
Murabaha / Mudaraba profit	**128**	352
Others	**107**	273
	3,538	1,904

Note 19.1

In the past, the Group recognised a liability for a guarantee provided to a financial institution on behalf of a project company, as the project company had defaulted on the facility. During the current period the Group settled the facility for the project company and availed a 50 cent to a dollar discount on settlement.

20 STAFF COSTS

	2014 *US$ '000*	*2013* *US$ '000*
Salaries and benefits	**4,848**	4,247
Other staff expenses	**832**	338
	5,680	4,585

21 GENERAL AND ADMINISTRATIVE EXPENSES

	2014 *US$ '000*	*2013* *US$ '000*
Rent, rates and taxes	**1,054**	1,057
Legal and professional consultancy	**637**	724
Advertising and marketing	**470**	358
Board member expenses	**150**	354
Other expenses	**894**	600
	3,205	3,093

22 PROVISION - NET

	2014 *US$ '000*	*2013* *US$ '000*
Provision for impaired receivables - net (note 6)	**4,147**	(102)
Provision for impaired investments - net (note 7)	**237**	1,743
Provision for case compensation	**-**	3,288
	4,384	4,929

23 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing net income for the year attributable to equity holders of the parent by the weighted average number of shares outstanding during the year as follows:

	2014 *US$ '000*	*2013* *US$ '000*
Loss attributable to the equity shareholders of the parent for the year	**(3,845)**	(4,943)
Weighted average number of shares outstanding at the beginning and end of the year	**284,883**	284,883
Earnings per share - US$ cents	**(1.35)**	(1.74)

The Company does not have any potentially dilutive ordinary shares, hence the diluted loss per share and basic loss per share are identical.

24 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise major shareholders, directors of the Group, entities owned or controlled, jointly controlled or significantly influenced by them and companies affiliated by virtue of shareholding in common with that of the Group and Shari'a Supervisory Board members and external auditors.

Terms and conditions of transactions with related parties
The Group enters into transactions, arrangements and agreements with its related parties in the ordinary course of business at terms and conditions approved by the Board of Directors. The above mentioned transactions and balances arose from the ordinary course of business of the Group. Outstanding balances at the year end are unsecured. The Group did not provide or receive any guarantee for any related party payables or receivables. All related party exposures are performing and are free of any provision for possible credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2014

24 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

The related party balances included in the consolidated financial statements are as follows:

	31 December 2014					31 December 2013				
	Shareholders US$ '000	Associates and joint venture US$ '000	Key management personnel/ Board members/ external auditors US$ '000	Other related parties US$ '000	Total US$ '000	Shareholders US$ '000	Associates and joint venture US$ '000	Key management personnel/ Board members/ external auditors US$ '000	Other related parties US$ '000	Total US$ '000
Trade and other receivables	568	29,828	21	3,440	33,857	-	30,567	316	5,251	36,134
Trade and other payables	-	49	88	76	213	504	374	150	1,168	2,196

The related party transactions included in the consolidated financial statements are as follows:

	31 December 2014					31 December 2013				
	Shareholders US$ '000	Associates and joint venture US$ '000	Key management personnel/ Board members/ external auditors US$ '000	Other related parties US$ '000	Total US$ '000	Shareholders US$ '000	Associates and joint venture US$ '000	Key management personnel/ Board members/ external auditors US$ '000	Other related parties US$ '000	Total US$ '000
Income										
Income from advisory services	-	533	27	189	749	-	814	56	4,381	5,251
Net income from construction contracts	42	-	8	520	570	-	(23)	27	1,138	1,142
Other income	-	274	-	-	274	-	260	-	48	308
	42	807	35	709	1,593	-	1,051	83	5,567	6,701
Expenses										
Staff costs	(531)	-	(2,374)	-	(2,905)	(318)	-	(2,604)	-	(2,922)
General and administrative expenses	-	(83)	-	(48)	(131)	(83)	(78)	(194)	(48)	(403)
	(531)	(83)	(2,374)	(48)	(3,036)	(401)	(78)	(2,798)	(48)	(3,325)
(Loss) / income for the year	(489)	724	(2,339)	661	(1,443)	(401)	973	(2,715)	5,519	3,377

24 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Compensation of the key management personnel is as follows:

	2014 US$ '000	*2013* US$ '000
Salaries and other benefits	**2,293**	2,438
End of service benefits	**612**	166
	2,905	2,604

25 SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business segments. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. For management purposes, the Group is organised into four major business segments.

The accounting policies of the segments are the same as those applied in the preparation of the Group's consolidated financial statements as set out in note 3 to the consolidated financial statements. Transactions between segments are conducted at estimated market rates on an arm's length basis.

Segment information is disclosed as follows:

	31 December 2014					
	Investment and related services US$ '000	*Construction Contracts US$ '000*	*Development and sale of industrial plots US$ '000*	*Property and facility management services US$ '000*	*Eliminations US$ '000*	*Total US$ '000*
Net revenues from external customers	1,761	2,243	3,889	760	-	8,653
Inter-segment transactions	-	258	-	83	(341)	-
Income from investments	230	-	-	-	-	230
Net share of profit / (loss) from investment in a joint venture and associates (note 8)	723	-	109	-	-	832
Other income	1,458	114	1,963	3	-	3,538
Total revenue	4,172	2,615	5,961	846	(341)	13,253
Segment (loss) / profit	(5,550)	1,028	1,016	(81)	(258)	(3,845)
Segment assets	256,807	32,408	64,814	2,691	(88,597)	268,123
Segment liabilities	53,766	10,134	56,259	1,417	(15,900)	105,676

28 RISK MANAGEMENT (continued)

a) Credit risk (continued)

iii) Concentration risk

Concentration risk arises when a number of counterparties are engaged in similar economic activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group seeks to manage its concentration risk by establishing and constantly monitoring geographic and industry wise concentration limits.

The Group's exposure analysed on geographic regions and industry sectors is as follows:

	31 December 2014			*31 December 2013*		
	Assets US$ '000	*Liabilities US$ '000*	*Contingent liabilities US$ '000*	*Assets US$ '000*	*Liabilities US$ '000*	*Contingent liabilities US$ '000*
Geographic region:						
Kingdom of Bahrain	224,948	105,676	74,310	246,317	116,893	17,992
Other GCC countries	43,175	-	-	46,792	9,931	-
	268,123	105,676	74,310	293,109	126,824	17,992

	31 December 2014			*31 December 2013*		
	Assets US$ '000	*Liabilities US$ '000*	*Contingent liabilities US$ '000*	*Assets US$ '000*	*Liabilities US$ '000*	*Contingent liabilities US$ '000*
Industry sector:						
Real estate	179,076	99,844	74,310	194,009	118,963	17,992
Non real estate	89,047	5,777	-	99,100	7,861	-
	268,123	105,621	74,310	293,109	126,824	17,992

b) Market risk

Market risk arises from fluctuations in profit rates, foreign exchange rates and equity prices. Market risk is the risk that changes in market risk factors, such as currency risk, profit rates and equity prices will effect the Group's income or the value of its holding of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i) Profit rate risk

Profit risk is the risk that the Group's profitability or fair value of its financial instruments will be adversely affected by the changes in profit rates. The Group's assets and liabilities are not considered by management to be sensitive to profit rate risk.

ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group views the United States Dollar as its functional currency. As at 31 December 2014 and 2013, the Group had net foreign currency exposure in respect of Bahraini Dinars, Saudi Riyals, Kuwaiti Dinars and United Arab Emirates Dirhams. Except for Kuwaiti Dinars, the currencies are pegged to the United States Dollar and thus are considered not to represent significant currency risk. The Group's exposure to Kuwaiti Dinars is considered minimal.

28 RISK MANAGEMENT (continued)

b) Market risk (continued)

iii) Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. As the Group has no quoted equity investments, the Group is not exposed to this risk. The Group has unquoted investments carried at cost less provision for impairment where the impact of changes in equity prices will only be reflected when the investment is sold or deemed to be impaired, when the consolidated statement of income will be impacted, or when a third party transaction in the investment gives a reliable indication of fair value which will be reflected in owners' equity.

c) Liquidity risk

Liquidity risk is the potential inability of the Group to meet cash flows of its maturing obligations to a counterparty. Liquidity risk management seeks to ensure that the Group has the ability, under varying scenarios, to fund increases in assets and meet maturing obligations as they arise. Management of the Group is responsible for its liquidity management.

The table below summarises the maturity profile of the Group's assets and liabilities as of 31 December 2014 based on expected periods to cash conversion from the consolidated statement of financial position date:

	Up to 1 Month US$ '000	*1 to 3 months US$ '000*	*3 to 6 months US$ '000*	*6 months to 1 year US$ '000*	*1 to 5 years US$ '000*	*5 to 10 years US$ '000*	*Over 10 years US$ '000*	*No fixed maturity US$ '000*	*Total US$ '000*
ASSETS									
Cash and cash equivalents	7,757	758	-		-	-	-	-	8,515
Trade and other receivables	-	-	-	5,755	57,102	-	-	-	62,857
Investments	-	-	-	-	23,055	-	-	-	23,055
Investment in a joint venture/associates	-	-	-	-	94,531	-	-	-	94,531
Investments in real estate	-	-	-	-	65,773	-	-	-	65,773
Properties under development	-	-	-	-	5,585	-	-	-	5,585
Property, plant and equipment	-	-	-	-	-	-	-	7,807	7,807
Total assets	7,757	758	-	5,755	246,046	-	-	7,807	268,123
LIABILITIES									
Trade and other payables	-	742	4,695	-	14,151	-	50,105	-	69,693
Ijara and murabaha financing	1,897	-	2,696	5,539	25,851	-	-	-	35,983
Total liabilities	1,897	742	7,391	5,539	40,002	-	50,105	-	105,676
Net liquidity gap	5,860	16	(7,391)	216	206,044	-	(50,105)	7,807	162,447
Cumulative liquidity gap	5,860	5,876	(1,515)	(1,299)	204,745	204,745	154,640	162,447	
Contingencies and commitments	-	-	-	-	74,310	-	-	-	74,310

28 RISK MANAGEMENT (continued)

c) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's assets and liabilities as of 31 December 2013 based on expected periods to cash conversion from the consolidated statement of financial position date:

	Up to 1 Month US$ '000	*1 to 3 months US$ '000*	*3 to 6 months US$ '000*	*6 months to 1 year US$ '000*	*1 to 5 years US$ '000*	*5 to 10 years US$ '000*	*Over 10 years US$ '000*	*No fixed maturity US$ '000*	*Total US$ '000*
ASSETS									
Cash and cash equivalents	8,586	8,591	-	-	-	-	-	-	17,177
Trade and other receivables	-	-	-	3,505	57,497	-	-	-	61,002
Investments	-	-	-	-	23,430	-	-	-	23,430
Investment in a joint venture/associates	-	-	-	-	98,245	-	-	-	98,245
Investments in real estate	-	-	-	-	81,114	-	-	-	81,114
Properties under development				-	5,066	-	-	-	5,066
Property, plant and equipment	-	-	-	-	-	-	-	7,075	7,075
Total assets	8,586	8,591	-	3,505	265,352	-	-	7,075	293,109
LIABILITIES									
Trade and other payables	-	2,898	2,898	4,134	26,832	-	50,105	-	86,867
Ijara and murabaha financing	688	2,500	13,557	19,896	3,316	-	-	-	39,957
Total liabilities	688	5,398	16,455	24,030	30,148	-	50,105	-	126,824
Net liquidity gap	7,898	3,193	(16,455)	(20,525)	235,204	-	(50,105)	7,075	166,285
Cumulative liquidity gap	7,898	11,091	(5,364)	(25,889)	209,315	209,315	159,210	166,285	
Contingencies and commitments	-	-	-	-	17,992	-	-	-	17,992

28 RISK MANAGEMENT (continued)

d) Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

e) Other risks

Regulatory risk

Regulatory risk is defined as the risk of non-compliance with regulatory and legal requirements in the Kingdom of Bahrain and the State of Kuwait. The Group's Compliance Department is currently responsible for ensuring all regulations are adhered to.

Legal risk

Legal risk is defined as the risk of unexpected losses from transactions and contracts not being enforceable under applicable laws or from unsound documentation. The Group deals with several external law firms to support it in managing the legal risk.

Reputation risk

Reputation risk is defined as the risk that negative perception regarding the Group's business practices or internal controls, whether true or not, will cause a decline in the Group's investor base and lead to costly litigations which could have an adverse impact on the liquidity of the Group. The Board of Directors examines the issues that are considered to have reputation repercussions for the Group and issues directives to address these.

29 SOCIAL RESPONSIBILITY

The Group intends to discharge its social responsibilities through donations to charitable causes and organisations.

30 COMPARATIVE FIGURES

Certain of the prior year figures have been reclassified to conform to the presentation adopted in the current year. Such reclassification did not affect net income, total assets, total liabilities or owners' equity of the Group as previously reported.