FINANCIAL STATEMENTS

for the year ended 31 December 2014

CONTENTS

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors has pleasure in submitting its report and the audited consolidated financial statements of Nuzul Holding B.S.C. (c) ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2014.

Principal activities

The Group is engaged in the acquisition and operation of serviced apartments through subsidiaries and an associate in the Middle East region.

Results for the year

The Group made a profit of US$ 2,232,795 for the year ended 31 December 2014 as compared to a profit of US$ 394,015 for the year ended 31 December 2013. The profit attributable to shareholders of the Company was US$ 1,669,297 for the year ended 31 December 2014 as compared to US$ 86,922 for the year ended 31 December 2013.

Movement in the accumulated losses attributable to the shareholders of the Company during the year ended 31 December 2014 was as follows:

	US$
Balance at 1 January 2014	**(34,075,837)**
Profit for the year	**1,669,297**
Balance at 31 December 2014	**(32,406,540)**

Auditors

Ernst & Young have expressed their willingness to continue in office and a resolution proposing their appointment as auditors of the Company, for the year ending 31 December 2015, will be submitted to the Annual General Meeting.

Signed on behalf of the Board

Tariq Al Jaber
Chairman

Aisha Al Nuaimi
Vice Chairman

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NUZUL HOLDING B.S.C. (c)

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Nuzul Holding B.S.C. (c) ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NUZUL HOLDING B.S.C. (c) (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2014, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The consolidated financial statements of the Group as of 31 December 2013, were audited by another auditor whose report dated 24 March 2014, expressed an unmodified opinion on those consolidated financial statements.

Report on other regulatory requirements

As required by the Bahrain Commercial Companies Law, 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.

We are not aware of any violations of the Bahrain Commercial Companies Law 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 the management in response to all our requests.

Ernst + Young

Auditor's Registration No. 186
15 March 2015
Manama, Kingdom of Bahrain

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2014 US$

	Note	***2014 US$***	*2013 US$*
ASSETS			
Non-current assets			
Property, furniture and vehicles	5	**148,516**	147,365
Investment properties	6	**55,754,681**	55,754,681
Investment in an associate	7	**55,134,943**	55,129,837
		111,038,140	111,031,883
Current assets			
Inventories		**12,241**	11,187
Trade and other receivables	8	**1,146,369**	242,027
Advances paid for an investment property under development	9	**15,830,649**	15,830,649
Amounts due from related parties	19	**33,263**	47,098
Bank balances and cash	10	**8,373,923**	7,815,875
Assets directly associated with discontinued operations	4	**339,288**	340,715
		25,735,733	24,287,551
TOTAL ASSETS		**136,773,873**	135,319,434
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**100,000,000**	100,000,000
Statutory reserve	12	**1,100,389**	1,100,389
Accumulated losses		**(32,406,540)**	(34,075,837)
Equity attributable to shareholders of the Company		**68,693,849**	67,024,552
Non-controlling interest		**12,212,223**	11,913,741
Total equity		**80,906,072**	78,938,293
Non-current liability			
Employees' end of service benefits	13	**144,831**	118,628
		144,831	118,628
Current liabilities			
Trade and other payables	14	**383,643**	2,974,374
Liabilities directly associated with discontinued operations	4	**282,194**	278,084
Amounts due to related parties	19	**55,057,133**	53,010,055
		55,722,970	56,262,513
Total liabilities		**55,867,801**	56,381,141
TOTAL EQUITY AND LIABILITIES		**136,773,873**	135,319,434

Tariq Al Jaber
Chairman

Aisha Al Nuaimi
Vice Chairman

The attached notes 1 to 23 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2014 US$

	Note	*2014 US$*	*2013 US$*
Gross revenue	15	**3,546,772**	2,962,333
Operating costs	16	**(1,895,639)**	(1,986,706)
OPERATING PROFIT		**1,651,133**	975,627
Other income	17	**1,408,180**	-
Interest income		**104,350**	70,858
Gain on foreign exchange		**6,106**	407,571
General and administrative expenses	18	**(714,811)**	(893,644)
Management and marketing fees	19	**(210,751)**	(172,805)
Provision for doubtful trade receivables - net	8	**(10,981)**	(735)
Gain on disposal of property, furniture and vehicles		**-**	27,867
Finance costs		**-**	(90,421)
PROFIT BEFORE SHARE OF RESULTS OF AN ASSOCIATE		**2,233,226**	324,318
Share of results of an associate	7	**5,106**	34,035
Profit from continuing operations		**2,238,332**	358,353
Discontinued operations:			
(Loss) / profit from discontinued operations	4	**(5,537)**	35,662
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,232,795**	394,015
Attributable to:			
Shareholders of the Company		**1,669,297**	86,922
Non-controlling interests		**563,498**	307,093
		2,232,795	394,015

Tariq Al Jaber
Chairman

Aisha Al Nuaimi
Vice Chairman

The attached notes 1 to 23 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

US$

	Attributable to shareholders of the Company					
	Share capital US$	*Statutory reserve US$*	*Accumulated losses* US$*	*Total US$*	*Non-controlling interest US$*	*Total US$*
Balance at 31 December 2012	100,000,000	1,023,616	(34,085,986)	66,937,630	11,606,648	78,544,278
Total comprehensive income for the year	-	-	86,922	86,922	307,093	394,015
Transfer to statutory reserve	-	76,773	(76,773)	-	-	-
Balance at 31 December 2013	100,000,000	1,100,389	(34,075,837)	67,024,552	11,913,741	78,938,293
Total comprehensive income for the year	-	-	1,669,297	1,669,297	563,498	2,232,795
Amounts repaid during the year	-	-	-	-	(265,016)	(265,016)
Balance at 31 December 2014	**100,000,000**	**1,100,389**	**(32,406,540)**	**68,693,849**	**12,212,223**	**80,906,072**

* Accumulated losses include US$ 392,518 (2013: US$ 392,518) being the non-distributable statutory reserve of a subsidiary.

The attached notes 1 to 23 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2014 US$

	Note	*2014* ***US$***	*2013* *US$*
OPERATING ACTIVITIES			
Profit for the year from continuing operations		**2,238,332**	358,353
(Loss) / profit for the year from discontinued operations		**(5,537)**	35,662
		2,232,795	394,015
Adjustments for:			
Depreciation on property, furniture and vehicles	5	**151,719**	379,158
Share of profit of an associate	7	**(5,106)**	(34,035)
Provision for doubtful trade receivables	8	**11,140**	735
Provision for employees' end of service benefits	13	**38,003**	6,589
Other income	17	**(1,408,180)**	-
Interest income		**(104,350)**	(70,858)
Gain on disposal of property, furniture and vehicles		**-**	(27,867)
Provision for legal case		**-**	273,974
Finance costs		**-**	90,421
		916,021	1,012,132
Working capital changes:			
Inventories		**(1,054)**	(7,204)
Trade and other receivables		**(81,302)**	6,535
Amounts due from related parties		**13,835**	(5,883)
Amounts due to related parties		**(39,690)**	(273)
Trade and other payables		**(118,849)**	(49,838)
Cash from operations		**688,961**	955,469
Employees' end of service benefits paid	13	**(11,800)**	(29,410)
Net cash flows from operating activities		**677,161**	926,059
INVESTING ACTIVITIES			
Purchase of property, furniture and vehicles	5	**(152,870)**	(33,178)
Proceeds from disposal of property, furniture and vehicles		**-**	34,748
Advance for purchase of property, furniture and vehicles		**(834,180)**	-
Interest income received		**104,350**	70,858
Other income	17	**1,408,180**	-
Other advance	14	**(2,467,772)**	-
Net cash flows (used in) from investing activities		**(1,942,292)**	72,428
FINANCING ACTIVITIES			
Term loan repaid		**-**	(40,363,736)
Interest paid on term loan		**-**	(118,639)
Contribution repaid to a shareholder of a subsidiary		**(265,016)**	-
Amounts due to related parties		**2,086,768**	45,568,507
Net cash flows from financing activities		**1,821,752**	5,086,132
INCREASE IN CASH AND CASH EQUIVALENTS		**556,621**	6,084,619
Cash and cash equivalents at 1 January		**8,156,590**	2,071,971
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**8,713,211**	8,156,590

The attached notes 1 to 23 form part of these consolidated financial statements.

1 ACTIVITIES

Nuzul Holding B.S.C. (c) ('the Company') was originally incorporated on 9 July 2005 under the name of "Addax Real Estate Holding B.S.C. (c)". Subsequently in April 2006, the shareholders, through a resolution passed at an Extraordinary General Meeting changed the name to "Mena Serviced Residence Holding B.S.C. (c)". This name was again changed at an Extraordinary General Meeting held on 22 November 2006 to Nuzul Holding B.S.C. (c).

The Company is a closed Bahraini joint stock company incorporated in the Kingdom of Bahrain under the Bahrain Commercial Companies Law and is registered with the Ministry of Industry and Commerce under commercial registration (CR) number 57409. The address of the Company's registered office is Flat 12, Building 1006, Road 2813, Block 428, City Village, Al Seef, Kingdom of Bahrain.

The Company is engaged in the acquisition and operation of serviced apartments, through subsidiaries and an associate in the Middle East region.

The Group comprises the Company and its following subsidiaries and an associate:

Subsidiaries	*Country of incorporation*	*Ownership interest*	*Principal activity*
Nuzul Al Manama Holding W.L.L.	Kingdom of Bahrain	99.75%	Holding company. 60% owner of Nuzul Masakeen Real Estate Development Company B.S.C. (c)
Nuzul Masaken Real Estate Development Company B.S.C. (c)	Kingdom of Bahrain	60%	Owns and operates a property in the Kingdom of Bahrain as serviced apartments.
Nuzul Touristic Investment Company S.P.C.	State of Qatar	100%	Under liquidation.
Associate			
Nuzul Qatar Limited Company W.L.L.	State of Qatar	50%	To own and operate hotels in the State of Qatar as serviced apartments.

The Group operates in the Kingdom of Bahrain and in the State of Qatar.

2 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in conformity with the Bahrain Commercial Companies Law.

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 15 March 2015.

Basis of preparation
The consolidated financial statements are prepared under the historical cost convention modified to include the fair valuation of investment properties. The functional currency of the Company's subsidiaries and an associate is Bahraini Dinars (BD) and Qatari Riyals (QR). However the consolidated financial statements have been presented in US Dollars (US$) and the Company uses the pegged exchange rate of 0.377 to translate BD into US$ equivalent and 3.650 to translate QR into US$ equivalent.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its return.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the consolidated statement of income; and
- Reclassifies the parent’s share of components previously recognised in other comprehensive income to the consolidated statement of income or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to shareholders of the Company.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations effective as of 1 January 2014

The accounting policies adopted are consistent with those of the previous financial year, except for the following IASB's new and amended standards which are effective as of 1 January 2014. Their adoption did not have any effect on the Group's consolidated financial position, financial performance or disclosures.

- *IAS 19 Defined Benefit Plans: Employee Contributions (Amendments) - clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.*
- *IAS 32 Financial Instruments: Presentation (Amendment) - Guidance on the offsetting of financial assets and financial liabilities;*
- *IAS 36 Impairment of Assets (Amendment) - Recoverable amount disclosures for non-financial assets;*
- *IAS 39 Financial Instruments: Recognition and Measurement (Amendment) - Novation of derivatives and continuation of hedge accounting;*
- *IFRS 10, IFRS 12 and IAS 27 Investment Entities (Amendments) - Amendments apply to investments in subsidiaries, joint ventures and associates held by a reporting entity that meet the definition of an investment entity;*
- *IFRIC 21 Levies - Interpretation on the accounting for levies imposed by Governments;*
- *Improvements to IFRSs (2010-2012) Cycle: Amendments to IFRS 13 – Short-term receivables and payables; and*
- *Improvements to IFRSs (2011-2013) Cycle: Amendments to IFRS 1 – Meaning of 'effective IFRSs'.*

Standards and interpretations issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements which are expected to have an impact on the Group's financial position, performance, and/or disclosures are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective:

- IFRS 9 Financial Instruments: Classification and Measurement - effective for annual periods beginning on or after 1 January 2018;
- IAS 19 Defined Benefit Plans: Employee Contributions (Amendments) - The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service (effective for annual periods beginning on or after 1 July 2014).
- Annual improvements to IFRSs (2010-2012) Cycle - These improvements issued in December 2013 are effective from 1 July 2014. The document contains amendments to IFRS 2, IFRS 3, IFRS 8, IAS 16, IAS 24 and IAS 38.
- Annual improvements to IFRSs (2011-2013) Cycle - These improvements issued in December 2013 are effective from 1 July 2014. The document contains amendments to IFRS 3, IFRS 13 and IAS 40.
- IAS 27- Amended by Equity Method in Separate Financial Statements (Amendments to IAS 27) (effective for annual periods beginning on or after 1 January 2016, with earlier application permitted)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and interpretations issued but not yet effective (continued)

- IFRS 15 Revenue from contracts with customers - IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation - The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Other standards and interpretations that have been issued but not yet effective are not likely to have any significant impact on the financial statements of the Group in the period of their initial application.

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability; or
b) In the absence of a principal market, in the most advantageous market for the asset or liability.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
b) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
c) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Property, furniture and vehicles
Property, furniture and vehicles are stated at cost less accumulated depreciation and any impairment in value. When significant parts of property, furniture and vehicles are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Expenditure incurred to replace a component of an item of property, furniture and vehicles that is accounted for separately is capitalised only when it increases future economic benefits of the related item of property, furniture and vehicles. All repair and maintenance costs are recognised as an expense in the consolidated statement of comprehensive income as incurred. Capital work in progress is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of assets as follows:

Furniture and equipment	3 to 7 years
Vehicles	5 years

The carrying values of property, furniture and vehicles are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period when they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Investment properties
Investment properties comprise properties held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of comprehensive income in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses on the retirement or disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income in the year of retirement or disposal.

Investment in associates
The Group's investment in the associate is accounted for using the equity method of accounting. An associate is an entity over which the Group has significant influence. 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.

Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. The consolidated statement of comprehensive income reflects the share of the results of operations of the associates. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealised profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

The reporting date of the associate and the Group are identical and the associate'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 its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the loss in the "share of results of an associate" in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate at the date when significant influence is lost and the fair value of the retained investment and any proceeds from disposal of partial interest in the associate are recognised in the consolidated statement of comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories
Inventories comprise of food, beverages and consumable items and are stated at the lower of cost and net realisable value. Inventories of operating supplies (general and engineering supplies) are stated at cost less provision for obsolescence. Costs are those expenses incurred in bringing inventories to their present location and condition and are determined on a first-in-first-out basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ["CGU"] fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Financial assets
Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as loans and receivables. The Group determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group's financial assets consist of trade and other receivables, amounts due from related parties, advances paid for investment property under development, bank balances and cash.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR), less amount received and impairment. Gains and losses are recognised in the consolidated statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Bad debts are written off in the statement of comprehensive income when identified. Amounts due from related parties, trade and other receivables, advances paid for investment property under development, bank balances and cash are classified as loans and receivables.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and short term deposits with an original maturity for three months or less.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
Impairment and uncollectibility of financial assets
An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, an impairment loss is recognised in the consolidated statement of comprehensive income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated statement of comprehensive income.

(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Financial liabilities
Financial liabilities within the scope of IAS 39 are classified, at initial recognition, as loans and borrowings or as appropriate.

All financial liabilities are recognised initially at fair value and are subsequently measured at amortised cost.

The Group's financial liabilities include amounts due to related parties and trade and other payables.

Loans and borrowings
Loans and borrowings are initially recognised at their fair values net of directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate amortisation is included in the consolidated statement of comprehensive income with unpaid amounts included in trade and other payables. Loan instalments due within one year are disclosed as a current liability. Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Trade and other payables
Liabilities for trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Offsetting financial instruments
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 currently enforceable legal right to offset the recognised amounts; and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Amortised cost of financial instruments
Amortised cost is computed using the effective interest rate method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

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

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employees' end of service benefits
The Group provides end of service benefits to its expatriate employees working in the Kingdom of Bahrain and State of Qatar in compliance with the labour law applicable in each of these countries. The entitlement to these benefits is based upon the employee's final salary and length of service. The expected costs of these benefits are accrued over the period of employment.

With respect to its Bahraini employees, the Group makes contributions to the Social Insurance Organisation ["SIO"], calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Operating leases
Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

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. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from room, food, beverages and others
Revenue from room, food, beverages and others represents the invoiced value of goods and services provided during the year.

Rental and service income
Rental income arising from operating leases on investment properties is recognised on a straight line basis in accordance with the terms of the rental contracts. Service income represents the invoiced value of services provided during the year.

Interest income
Interest income is recognised as the interest accrues using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value is determined.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements other than estimates
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 investment property
The Group determines whether a property is classified as investment property or property plant and equipment under IAS 16:

- Investment property comprises property that is not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and/or capital appreciation. The property is not intended to be sold in the ordinary course of business.
- Where the Company provides significant level of ancillary services to the occupiers of its property, and retains significant exposure to the risks of running a business, the property is not classified as investment property. Such property is accounted under IAS-16- Property, Plant and Equipment.

The management has determined that their position is, in substance, that of a passive investor and the properties are held for capital appreciation and to earn rentals. Therefore, management has classified the properties as investment properties.

Operating lease - the Group as lessee
The Group has entered into commercial property lease on its office premises. The Group has determined, based on an evaluation of the terms and conditions of the arrangements that the lessor retains all the significant risks and rewards of ownership of these assets and so accounts for the contracts as operating leases.

Operating lease - the Group as lessor
The Group has entered into commercial property lease on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements that the lessor retains all the significant risks and rewards of ownership of these assets and so accounts for the contracts as operating leases.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements other than estimates (continued)

Going concern

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

Estimation uncertainty

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

Fair value of investment properties

The Group's management accounts for the investment properties at fair values at the reporting date. This fair value are determined by a professional valuer based on the existing circumstances and on the assumptions of available buyers as on that date. The valuation is made annually and the future value of investment properties will be adjusted accordingly based on the changes in the estimation. Any difference in the amount actually realised in the future periods and the changes in fair value will be recognised in the statement of comprehensive income.

As of 31 December 2014 and 31 December 2013, no valuation loss or gain has been recognised in the statement of comprehensive income as in the opinion of the directors the fair value approximates the carrying value of the investment properties.

Useful lives of property, furniture and vehicles

The Group's management determines the estimated useful lives of its property, furniture and vehicles for calculating depreciation. This estimates is determined after considering the expected usage of the asset and physical wear and tear. The Group reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment of accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due.

At 31 December 2014, gross trade accounts receivable were US$ 169,024 (2013: US$ 141,777), and the provision for doubtful debts was US$ 13,554 (2013: US$ 2,574). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross inventories were US$ 12,241 (2013: US$ 11,187), with no provisions for old and obsolete inventories (2013: nil). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

4 NUZUL TOURISTIC INVESTMENT COMPANY S.P.C. - DISCONTINUED OPERATIONS

During 2011, as a result of the incurred operating losses which exceeded the paid-up capital, the management of Nuzul Touristic Investment Company S.P.C. (NTI) decided to cease its serviced apartment operations. The management does not have any future plans to continue its operations in any other locations. Accordingly, NTI was classified as a discontinued operation by the management in the consolidated financial statements. The assets, equity and liabilities of the Company included in the Group's consolidated financial statements as of 31 December 2014 and 31 December 2013 are as follows:

	2014 US$	*2013 US$*
Bank balances	**339,288**	340,715
TOTAL ASSETS	**339,288**	340,715
Equity		
Share capital	**1,369,870**	1,369,870
Owner's current account	**8,732,870**	8,732,870
Accumulated losses	**(10,045,646)**	(10,040,109)
Total equity	**57,094**	62,631
Trade and other payables	**8,220**	4,110
Provision for legal cases	**273,974**	273,974
Total liability	**282,194**	278,084
TOTAL EQUITY AND LIABILITIES	**339,288**	340,715

The revenue, costs, income and expenditure of the subsidiary included in the Group's financial statements as of 31 December 2014 and 31 December 2013 are as follows:

	2014 US$	*2013 US$*
Gain on disposal of property, furniture and vehicles	**-**	356,167
Administrative expenses	**(5,537)**	(46,531)
Provision for legal cases	**-**	(273,974)
	(5,537)	35,662

The cash flows of the subsidiary included in the Group's consolidated financial statements as of 31 December 2014 and 31 December 2013 are as follows:

	2014 US$	*2013 US$*
Cash used in operating activities	**(5,537)**	(1,374,836)
Cash from investing activities	**-**	1,688,581
	(5,537)	313,745

5 PROPERTY, FURNITURE AND VEHICLES

	Furniture and equipment US$	*Motor vehicles US$*	*Total US$*
Cost:			
At 1 January 2014	2,676,406	95,326	2,771,732
Additions during the year	101,119	51,751	152,870
At 31 December 2014	2,777,525	147,077	2,924,602
Depreciation:			
At 1 January 2014	2,529,041	95,326	2,624,367
Charge for the year	146,501	5,218	151,719
At 31 December 2014	2,675,542	100,544	2,776,086
Net carrying value:			
At 31 December 2014	**101,983**	**46,533**	**148,516**

	Furniture and equipment US$	*Motor vehicles US$*	*Total US$*
Cost:			
At 1 January 2013	2,643,228	189,756	2,832,984
Additions during the year	33,178	-	33,178
Disposals during the year	-	(94,430)	(94,430)
At 31 December 2013	2,676,406	95,326	2,771,732
Depreciation and impairment:			
At 1 January 2013	2,157,696	175,062	2,332,758
Charge for the year	371,345	7,813	379,158
Relating to disposals	-	(87,549)	(87,549)
At 31 December 2013	2,529,041	95,326	2,624,367
Net carrying value:			
At 31 December 2013	147,365	-	147,365

The depreciation charge for the year (2013: depreciation and impairment charge) has been allocated in the consolidated statement of comprehensive income as follows:

	2014 US$	*2013 US$*
Operating costs (note 16)	**142,003**	362,966
Administrative expenses (note 18)	**9,716**	16,192
	151,719	379,158

6 INVESTMENT PROPERTIES

	2014 US$	*2013 US$*
Balance at 1 January and at 31 December	**55,754,681**	55,754,681

- Investment properties consist of a residential apartment building in the Kingdom of Bahrain and property located in Makkah, Kingdom of Saudi Arabia. As at the reporting date these investment properties were valued by independent valuers and there was no difference between the carrying value and the fair value of these properties as of 31 December 2014.
- Fair value has been determined by reference to market-based evidence. This means that valuation performed by the valuer is based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The date of the last revaluation was 31 December 2014.

7 INVESTMENT IN AN ASSOCIATE

The Company has a 50% investment in the share capital of Nuzul Qatar Limited Company W.L.L., a company registered in the State of Qatar which is engaged in managing serviced apartments. This investment is classified as an associate and the movements during the year was as follows:

	2014 US$	*2013 US$*
At 1 January	**55,129,837**	55,095,802
Share of profit for the year	**5,106**	34,035
At 31 December	**55,134,943**	55,129,837

The following table illustrates the summarised financial information of the Group's investment in associates as of 31 December:

	2014 US$	*2013 US$*
Associate's statement of financial position:		
Current assets	**110,312,328**	111,146,901
Non-current assets	**-**	-
Current liabilities	**(42,442)**	(887,227)
Non-current liabilities	**-**	-
Total equity	**110,269,886**	110,259,674
Proportion of the Group's ownership	**50.00%**	50.00%
Carrying amount of the investment	**55,134,943**	55,129,837

7 INVESTMENT IN AN ASSOCIATE (continued)

	2014	*2013*
	US$	*US$*
Associates' statement of comprehensive income:		
Revenue	**59,459**	1,724,473
Expenses	**(49,247)**	(1,656,404)
Profit for the year	**10,212**	68,069
Other comprehensive income	**-**	-
Total comprehensive loss for the year	**10,212**	68,069
Group's share of profit for the year	**5,106**	34,035

8 TRADE AND OTHER RECEIVABLES

	2014	*2013*
	US$	*US$*
Gross trade receivables	**169,024**	141,777
Provision for doubtful debts	**(13,554)**	(2,573)
Net trade receivables	**155,470**	139,204
Prepaid expenses	**76,072**	67,495
Deposit	**2,122**	2,122
Advances to suppliers	**834,180**	-
Other receivables	**78,525**	33,206
	1,146,369	242,027

Trade receivables are non-interest bearing and are on 30 day credit.

As at 31 December 2014, trade receivables of US$ 13,554 (2013: US$ 2,573) were impaired and fully provided for.

Movements in the provision for doubtful debts for the year ended 31 December 2014 were as follows:

	2014	*2013*
	US$	*US$*
At 1 January	**2,573**	1,838
Charge for the year	**11,140**	735
Written back during the year	**(159)**	-
At 31 December	**13,554**	2,573

8 TRADE AND OTHER RECEIVABLES (continued)

As at 31 December, the ageing of unimpaired trade receivables is as follows:

			Past due but not impaired			
	Total US$	*Neither past due nor impaired US$*	*Less than 30 days US$*	*31 – 60 days US$*	*61 – 90 days US$*	*Over 90 days US$*
2014	**155,470**	**36,164**	**109,058**	**10,248**	-	-
2013	139,204	32,382	97,650	9,172	-	-

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group, to obtain collateral over receivables and are therefore unsecured.

9 ADVANCES PAID FOR AN INVESTMENT PROPERTY UNDER DEVELOPMENT

In prior years, the Company had paid advances to a developer amounting to US$ 31,661,295 to develop four floors in Burj Al Jawar ("the Tower") in Makkah, Kingdom of Saudi Arabia. During 2012, due to legal issues of obtaining relevant licenses, the development ceased. Consequently, the Company filed a court case in the Saudi Arabian court against the developer for non-performance of the contract. Considering that the matter was under litigation, management provided for 50% of the advances i.e. US$ 15,830,649 in the year ended 31 December 2012. Currently, the Company is in negotiations with the developer and expects to recover the full remaining carrying balance through an out of court settlement.

10 BANK BALANCES AND CASH

Cash and cash equivalents for the purpose of the statement of cash flows include the following statement of financial position amounts:

	2014 US$	*2013 US$*
Bank balances:		
Bahraini Dinars	**2,253,976**	2,359,390
US Dollars	**400**	400
Qatari Riyals	**1,154**	1,154
Cash in hand	**5,282**	8,838
Short term deposits	**6,113,111**	5,446,093
	8,373,923	7,815,875
Bank balance attributable to discontinued operations	**339,288**	340,715
	8,713,211	8,156,590

Bank balances are held with financial institutions in the Kingdom of Bahrain and State of Qatar and are non-interest bearing (2013: same).

Short term deposits are placed with commercial banks in the Kingdom of Bahrain and are denominated in Bahraini Dinars. The deposit matures in February 2015 and the effective interest as of 31 December 2014 was 2.00% per annum (2013: 1.23%).

11 SHARE CAPITAL

	2014 US$	2013 US$
Authorised:		
500,000,000 ordinary shares of US$ 1 each	**500,000,000**	500,000,000
Issued and paid up:		
100,000,000 ordinary shares of US$ 1 each	**100,000,000**	100,000,000

12 STATUTORY RESERVE

The Bahrain Commercial Companies Law and the Company's memorandum and articles of association require the Company to transfer 10% of its annual profits to a statutory reserve, until such time the reserve equals 50% of the paid-up capital of the Company. The reserve is not available for distribution except in circumstances stipulated by the Bahrain Commercial Companies Law. No transfer has been made in the current year as the Company has accumulated losses.

13 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	2014 US$	2013 US$
At 1 January	**118,628**	141,449
Provided during the year	**38,003**	6,589
Paid during the year	**(11,800)**	(29,410)
At 31 December	**144,831**	118,628

14 TRADE AND OTHER PAYABLES

	2014 US$	2013 US$
Trade accounts payable	**96,073**	147,815
Accrued expenses	**198,305**	326,896
Advances from customers	**15,130**	7,958
Other payables	**74,135**	23,933
Other advance*	**-**	2,467,772
	383,643	2,974,374

* The other advance in prior year represented amount received from an interested buyer of investment property held in the Kingdom of Saudi Arabia. The sale transaction was terminated by the buyer and the amount was refunded by the Group during the year after charging penalty of US$ 1,408,180 (note 17).

15 GROSS REVENUE

	2014 US$	2013 US$
Rental income and services income	**3,492,394**	2,919,870
Revenue from room, food, beverages and others	**54,378**	42,463
	3,546,772	2,962,333

16 OPERATING COSTS

	2014 US$	*2013 US$*
Staff costs	**690,947**	656,972
Depreciation on property, furniture and vehicles (note 5)	**142,003**	362,966
Electricity and water charges	**251,292**	255,780
Food and beverages	**160,045**	119,481
Housekeeping expenses	**132,501**	113,152
Repairs and maintenance	**113,480**	72,727
Advertising and commissions	**101,907**	108,863
Telephone expense	**75,443**	75,436
Cable charges	**75,729**	70,822
Subscriptions	**45,772**	45,768
Others	**106,520**	104,739
	1,895,639	1,986,706

17 OTHER INCOME

Other income of US$ 1,408,180 represents amount charged to a customer for the cancellation of the sale transaction of the investment property in Kingdom of Saudi Arabia.

18 GENERAL AND ADMINISTRATIVE EXPENSES

	2014 US$	*2013 US$*
Staff costs	**451,947**	568,029
Directors' fees	**92,276**	72,945
Travelling expenses	**14,491**	46,619
Professional fees	**99,822**	147,425
Depreciation (note 5)	**9,716**	16,192
Others	**46,559**	42,434
	714,811	893,644

19 RELATED PARTY TRANSACTIONS

Related parties represent operators, shareholders, associates, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

	Operator	
	2014 US$	*2013 US$*
Management fee	**160,350**	122,405
Marketing fee	**50,401**	50,400
	210,751	172,805

19 RELATED PARTY TRANSACTIONS (continued)

Balances with related parties included in the consolidated statement of financial position are as follows:

	2014		*2013*	
	Receivables US$	***Payables US$***	*Receivables US$*	*Payables US$*
Operator of a subsidiary	**33,263**	**18,541**	47,098	58,231
Associate	**-**	**14,813,902**	-	12,727,134
Shareholder	**-**	**40,224,690**	-	40,224,690
	33,263	**55,057,133**	47,098	53,010,055

Amounts due from and due to the operator of a subsidiary are unsecured, receivable/payable on demand and interest free. Amounts due to an associate and due to a shareholder represents the part of the sale proceeds relating to the sale of investment property in the Group's associate, Nuzul Qatar Limited Company W.L.L. For the years ended 31 December 2014 and 31 December 2013, the Group has not recorded any impairment on amounts due from related parties.

Compensation of key management personnel
The Group paid directors' fees of US$ 92,276 during the year ended 31 December 2014 (2013: US$ 72,945).

The Group did not employ any other key management personnel during the years ended 31 December 2014 and 31 December 2013.

20 COMMITMENTS AND CONTINGENT LIABILITY

Commitments

	2014 US$	*2013 US$*
a) Commitments towards an investment property		
Property in Makkah, Kingdom of Saudi Arabia	**8,403,030**	8,403,030
b) Operating leases		
Future minimum lease payments:		
Within one year	**19,248**	12,832
After one year but not more than five years	**6,416**	25,664
Total operating lease expenditure contracted for at 31 December	**25,664**	38,496

Legal claims
During 2012, the Company filed court case against the developer regarding the development of the four floors i.e 19, 20, 21 and 22 of Al Jawar Tower in Makkah, Kingdom of Saudi Arabia. Sentence number 33239343 dated 1 April 2012 was issued obliging the parties to proceed to arbitration. The Company has provided for 50% of the advances paid for the investment property-refer note 9.

Claims against the Company for unpaid rentals for property in Qatar amounted to US$ 56 million. The arbitration sessions have not started yet. No provision has been made for this as the Directors believe that the case would be decided in the Company's favour.

21 RISK MANAGEMENT

The Group manages risk through a process of ongoing identification and monitoring of the risks it faces. The Group is exposed to interest rate, credit, liquidity and foreign currency risks.

The Board of Directors of the Company and the subsidiaries are responsible for the overall risk management approach and for approving the risk strategies and principles.

Interest rate risk
The Group is not exposed to interest risk as the Group does not have any variable interest bearing assets and liabilities as of 31 December 2014. The short term deposits carry fixed rates of interest.

Credit risk
The Group is exposed to credit risk on its following consolidated statement of financial position items:

	2014 US$	*2013 US$*
Bank balances	**2,255,530**	2,701,659
Short term deposits	**6,113,111**	5,446,093
Trade accounts receivable	**155,470**	139,204
Other receivables	**912,705**	33,206
Advances paid for an investment property under development	**15,830,649**	15,830,649
Deposit	**2,122**	2,122
Amounts due from related parties	**33,263**	47,098
	25,302,850	24,200,031

The Group seeks to limits its credit risk with respect to banks by only dealing with reputable banks. With regard to trade accounts receivable, the Group seeks to limit its credit risk by receiving rentals in advance and monitoring outstanding receivables on an on-going basis.

Its 5 largest customers account for 76% of outstanding trade receivable as of 31 December 2014 (2013: 78%).

Amounts due from related parties relate to transactions arising in the normal course of business. The credit risk on amounts due from related parties is perceived to be minimal by the Group.

Liquidity risk
The Group limits its liquidity risk by ensuring bank facilities are available and by shareholders providing funds to meet the expected liquidity requirements as and when required.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December.

31 December 2014	***Less than 3 months US$***	***3 to 12 months US$***	***Total US$***
Trade and other payables	**383,643**	-	**383,643**
Amounts due to related parties	**-**	**18,541**	**18,541**
Liabilities directly associated with discontinued operations	**-**	**282,194**	**282,194**
Total	**383,643**	**300,735**	**684,378**

21 RISK MANAGEMENT (continued)

Liquidity risk (continued)

31 December 2013	*Less than 3 months US$*	*3 to 12 months US$*	*Total US$*
Trade and other payables	2,974,374	-	2,974,374
Amounts due to related parties	-	58,231	58,231
Liabilities directly associated with discontinued operations	-	278,084	278,084
Total	2,974,374	336,315	3,310,689

Currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's balances are mainly denominated in Bahraini Dinars and United States Dollars. The Company is not exposed to significant foreign currecny risk as the Bahraini Dinar is pegged to the United States Dollar.

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

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to shareholders. In addition, the shareholders also contribute assets and funds to strengthen the capital base of the Group whenever required. During the year, amounts totaling US$ 265,016 (2013: nil) was paid to a shareholder of a subsidiary. Capital comprises equity attributable to shareholders of the Company and equity attributable to non-controlling interests and is measured at US$ 80,906,072 as at 31 December 2014 (2013: US$ 78,938,293).

22 FAIR VALUE MEASUREMENT

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of trade and other receivables, amounts due from related parties, advances paid for an investment property under development, bank balances and cash. Financial liabilities comprise of trade and other payables and amounts due to related parties.

The fair values of the financial instruments are not materially different from their carrying values as at the reporting date due to short-term maturities of these instruments.

As of the reporting date, the Group did not hold any financial instruments remeasured at fair value, therefore, disclosure relating to fair value hierarchy is not relevant for financial instruments.

Fair value of investment properties
The Group uses the fair value hierarchy as disclosed in note 2 for determining and disclosing the fair value of investment properties by valuation technique. The Group carries investment properties classified as Level 3 within the fair value hierarchy.

Reconciliation of fair value measurements of Level 3 asset
A reconciliation of the beginning and closing balance including movement of investment properties is summarised below:

22 FAIR VALUE MEASUREMENT (CONTINUED)

	Fair value measurement Level 3	
	2014	*2013*
	US$	*US$*
At 1 January	**55,754,681**	55,754,681
Changes in fair value	**-**	-
31 December	**55,754,681**	55,754,681

As of 31 December 2014 and 31 December 2013, the Company did not have any assets or liabilities classified under levels 1 and 2 of the fair value hierarchy.

During the year ended 31 December 2014 and 31 December 2013, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

23 COMPARATIVE INFORMATION

Certain comparative figures for the previous year have been reclassified to conform to the presentation in the current year. Such reclassifications do not affect previously reported retained earnings or shareholders' equity.